Florida Agricultural and Mechanical University
Board of Trustees

Audit & Compliance Committee
Date: Tuesday, September 5
Time: 11:00 AM

Committee Members: Trustee Craig Reed, Chair
Trustee Harold Mills, Trustee Belvin Perry, Jr.,
Trustee Robert Woody

AGENDA

I.	Call to Order	Chair Craig Reed
II.	Roll Call	Debra M. Barrington

ACTION ITEMS

III.	Approval of Minutes - June 7, 2017	Chair Reed
IV.	Approval of 2017-18 Risk Assessment and Internal Audit Plan	
V.	Approval of 2016-17 Annual Report	

INFORMATION ITEMS

VI.	Information for proposed DSO audit regulation	Richard Givens
VII.	Compliance Officer Update	
VIII.	Follow up of Audit Findings	
IX.	Rattler Booster Update	
X.	Division Project Status	
XI.	Athletic Department Audit for 2015-16 Fiscal Year	

Adjournment   Chair Craig Reed

Florida Agricultural and Mechanical University
Board of Trustees

Audit & Compliance Committee
Date: Wednesday, June 7, 2017
Time: 2:30 PM

MINUTES

Members Present: Trustee Belvin Perry, Officiating Chair
Trustee Craig Reed, (absent)
Trustee Gary T. McCoy, Trustee Harold Mills,
Trustee Belvin Perry, Trustee Robert Woody *(absent)*

Trustee Belvin Perry, Jr., Chair, called the meeting to order.

Debra M. Barrington, Administrative Assistant to the Vice President, called the roll. A *quorum* was established.

Action Items

Trustee Belvin Perry, Chair, led the meeting with a request to approve the meeting minutes of the Friday, March 3, 2017 and Thursday, March 16, 2017, Audit Committee meetings. The minutes were posted on the website for review. No questions or amendments to the minutes were made. A motion for approval was given by Trustee Harold Mills, seconded by Trustee Gary T. McCoy. No discussion. Each Committee minutes were approved.

The second action item is an election of a vice chair for the Audit Committee. Trustee Harold Mills nominated Trustee Belvin Perry to be the vice chair. It was seconded by Trustee Gary McCoy. There were no other nominations. All were in favor, there were none opposed.

The third action item was the approval of the University Compliance and Ethics Charter. The Audit Committee is required to adopt the charter, which defines the purpose and mission of the compliance program and the roles and responsibilities of the chief compliance officer and the Board of Trustees related to the compliance program. The Compliance and Ethics Charter was posted for review. Chair Perry asked VP Givens to give an overview of the significant provisions of the charter.

VP Givens shared there was a Workshop held in May, 2017, and the charter was discussed in detail. VP Givens presented the highlights of the Charter's provisions. The proposed charter provides the following:

1) Defines the purpose and mission of the compliance and ethics program;
2) Provides for oversight by the Audit and Compliance Committee;

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3) Promotes coordination of the compliance functions among the various University's programs;

4) Supports the University's strategic plan by ensuring that compliance risks are identified and managed, and establishes a control environment to show a commitment to compliance from the top;

5) Provides for general compliance training, as well as an avenue for reporting of potential non-compliance and ethical behavior; and

6) Development of policies and procedures to promote the compliance programs.

The proposed reporting structure is for the compliance program be kept within the Division of Audit and Compliance; where it resides currently. The Chief Compliance Officer (CCO) will report administratively and functionally to the Vice President of the Division of Audit and Compliance. The Charter also establishes the authority of the program and provides that the function shall have unrestricted access to the records and personnel. It provides for the Board of Trustees roles and responsibilities, including approval of the Charter of the Compliance and Ethics Office. The Board will approve the annual program plan; communicate with the chief compliance officer to ensure that there has not been an inappropriate scope or limitation on the compliance program activities; and assure that the compliance and ethics program has the resources needed to carry out the program.

The CCO duties and responsibilities are primarily to perform projects and activities that fulfill the requirements for the compliance program in accordance with the standards of the Florida Code of Ethics and the Code of Professional Ethics for the Compliance and Ethics Professionals and the U. S. Federal Sentencing Guidelines. Investigations performed by the CCO are required to be performed in accordance with the investigative standards adopted by the Board of Governors.

VP Givens shared this being the completion of this

Chair Perry opened the floor for any questions or matters for discussion.

Chair Perry noted that the chief compliance officer was required by the Board of Governors Regulation and asked the time frame for compliance with the new regulation. VP Givens shared the Board of Governors put a two (2) year time to implement the program and that the two (2) years will end on November 20, 2018. Discussions with the Board of Governors indicate that the program must be operational at that time. DAC expects the compliance program to be operational around June, 2018.

Question was asked if the chief compliance officer would be hired by June, 2018. VP Givens answered that advertising for the chief compliance officer is to start the following week and is expected to hire and have him on board as earliest as possible.

Chair Perry requested a motion to approve the Compliance and Ethics Charter. It was so moved by Trustee Mills and seconded by General McCoy. None were opposed. The Compliance and Ethics Charter was approved.

The fourth action item is the approval of the audit reports for the following direct-support organizations:

- Rattler Boosters,
- FAMU Foundation, and
- Alumni Association

Chair Perry indicated the audit reports were distributed to the Board members. Chair Perry asked VP Givens to please provide a summary of the reports.

VP Givens shared that Direct Support Organizations are required by law to have an annual audit. The University Regulations require that the audits be submitted to the President and the Audit Committee for approval. We received audit reports for all three (3) direct support organizations and all three received an unmodified opinion on their financial statements, which means the financial statements were fairly presented in accordance with accounting principles. None had deficiencies in internal control over financial reporting or any issues reported that related to compliance in other matters. The law also requires that a management letter be issued in connections with the financial statements. The management letter reports findings that may not rise to the level of being reported in the report over internal control or compliance, but are areas for improvement.

The Foundation did not have any management letter comments for the 2016 year; it was reported that two (2) prior year findings had been corrected.

The Alumni Association did not have any management letter comments for the 2016 year.

The Rattler Boosters did not provide a management letter although a management letter was referenced.

Trustee Nicole Washington asked if her understanding is that the University has not received the Boosters; management letter? VP Givens shared her understanding is correct.

Trustee Washington inquired whether the management letter would have findings. VP Givens indicated there may not be findings. Discussion was held regarding the efforts to continue to obtain the management letter from the Boosters and possible actions if the letter is not provided. Chair Perry pointed out that we have new leadership with the Boosters. The Boosters is now under the direction of Tommy Mitchell.

Chair Perry shared that he would get with VP Givens and Chair Reed, and we will try to get a copy of the letter from the Boosters. We do not want this to occur in the future so that the Board can be privileged to what the deficiency is, if any.
Chair Perry asked for a motion to accept VP Givens report; noting that VP Givens was asked to get with the Chair to make a formal request to the Boosters on behalf of the Committee and the Board. It was so moved and second.

Question was raised for whether the University has asked the Boosters for the letter yet.

VP Givens indicated the letter was requested. The Boosters didn't have staff until from about November, 2016 until May, 2017, which has made communication difficult. When the new director stepped in, communication and cooperation has improved.

VP Givens presented the results of the Division's Quality Assurance Review Report. It is required by audit standards to be performed every three (3) years. Primary objectives of the assessment are to determine whether or not the internal audit activities are in conformance with the Institute of Internal Auditors standards, to evaluate whether the audit activities operating effectively, and to identify areas for improvement. We received an opinion that we generally conform with the standards issued by the Institute of Internal Auditors, which is the highest rating that's given. Methodology used for conduct of the review consisted of conducting interviews, and reviewing Policies and Procedures, work papers and reports that were issued. There were some areas identified for improvement.

1) The first recommendation is to the University in general; the University does not have an enterprise risk management function and recommended that the University consider putting some of the risk management functions into the compliance function as it is implemented;

2) The second recommendation was to add value by assuring the prompt resolution of findings;

3) Also, it was recommended that we continue the use of technology in such areas as more effective use of the data analytics software. The division is in the process of acquiring an automated work papers system to help in project management;

4) It is recommended that we develop a reporting format to report certain performance metrics, including efficiency and effectiveness measures. ;

5) It is recommended that we link the annual risk assessment to the strategic plan to provide a correlation plan between the two documents;

6) Implement the project time system. We have evaluated some vendors and are expected to acquire a system by the end of the year;

7) Improve staff development and management. VP Givens indicated the time management and the project management system will help to monitor the number of hours spent on projects;

8) Perform an on-going risk assessment rather than regular static risk assessment. This will be accomplished through discussions all during the year and then evaluating whether changes need to be made to the work plan;

9) Update the division's operating manual for some procedures and templates that have been implemented;

Chair Perry asked whether having a work shop to discuss these items would be beneficial. VP Givens, agreed that this could be done.

Trustee Kimberly Moore commented regarding efforts to make sure that audit recommendations, findings, and observations that these items were addressed and resolved. President Robinson commented that VP Givens was talking about compliance related issues. VP Givens is looking for non-compliance, some of which might be related to some of the goals and objectives and strategic plans. A lot of them will not because this is how you do business here on DAC side when it comes to fraud, waste, and abuse. It's not VP Givens job to fix the problem but we will develop a mechanism to fix it and then it falls under strategic planning; we will make sure that they're the ones who tracking its implementation.

VP Givens indicated DAC follows up to be sure that corrective action is implemented, then Dr. Edington's shop would possibly monitor to provide assurance that somebody is working on implementation of a corrective action plan prior to the due date, and then monitor after that so that once it is corrected, it does not lapse again.

VP Givens continued with an update on the Rattler Boosters Audit that the Board authorized. Ernst & Young was hired in January 2017 to perform the audit. We made a records request but most of the records requested were not provided due, in part, to the Boosters not having staff for a while. We have been working with the new Boosters' management and have received some records and we're doing inventory of what records are in the Boosters office. However, not a lot of progress has been made towards the audit as yet. We do have the commitment from the new management to cooperate and provide records. If the records cannot be provided, we will perform procedures that can be done with records provided. VP Givens will keep the Audit Committee informed as to our progress.
Board member responded "I'm sorry Rick; we are six (6) months after this".

Chair Perry, asked what records we have and what records we need?

In response to what records have been provided, VP Givens responded we have received some bank statements, financial statements, and supporting financial records for the year that we are looking at, but the type records not received are the invoices, disbursements, and the membership records.

A Board member commented six (6) months is relatively inexcusable. Large companies get audits done in a lot shorter time than this. Is it that they just don't have them? These records do not exist? VP Givens indicated we're not sure where the records are at this point or if they exist. A Board member commented that the risk of monies without invoices and paying expenses without receipts presents a problem.

VP Givens commented that there are procedures that can be performed, but it gets to be expensive in a hurry. A Board member indicate that the goal isn't how to get an audit done; the goal is to make sure we have a quality audit and that we an actual operation that's running effectively and within the spirit of integrity as expected. We're after what kind of business process and process control exist or don't exist within this organization and if they don't exist then we need to kind of take steps to make some other changes to make ensure that they do.

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Chair Perry asked VP Givens whether they don't have the records or they simply refuse to give us the records. VP Givens shared we have gone to the Boosters office and the records are just scattered around. We found some bank statements from 2016 but we didn't find all of them. Chair Perry indicated that the question is how far we want to go with them. There's a way to get them it will be a very unpleasant way. VP Givens indicated that the current administration is willing to work with us. They have been very cooperative. Chair Perry indicated that the current administration is somewhat hamstrung by the past records that people are not turning over and there's a very unpleasant way to get them. Chair Perry asked for comments from some of the Board members.

A comment was made that Trustee Dortch has been working with them but he thinks the Committee can make a recommendation on this, since this has been going on for a while. Now we have new leadership, they just came on board. They're making access to the files but in all fairness, they probably don't know where the files are. So, I think that this Committee can easily make a recommendation that says we want to go through the gymnastics of getting these files regardless of what it takes. From there, we can make a decision on actions to take. We want to decide what to do and since I'm not on the Committee, we may want to wait for Trustee Dortch to return. Alternatively, the Committee could decide to move forward on acquiring the files through legal means.

Chair Perry indicated somebody knows where the records are and whether they exist or not. It has come to the time where we are going to have to sunset this issue. I would suggest that we hear a report back from Trustee Dortch; once we hear his report, I have a suggestion that I'm not going to make right now but the suggestion that I would make is not going to be very palatable to those individuals. I know ways to get them but the way that I would get them would cause severe consequences, if things are not correct. My suggestion is to get a report from Trustee Dortch and then we will move and maybe have a special call.

VP Givens provided an overview of the status of follow up to audit findings for reports issued through April 30, 2017, with an expected implementation date of May 31 or earlier. Findings are classified into finding rating categories (red being high, yellow moderate and green low). Findings are further classified as to 1) whether implementation of corrective action is late, which means that the finding was not implemented by the implementation date provided when the audit was done; 2) the finding was revised, which could mean it was implemented with a different type of corrective action date; or 3) the finding is no longer relevant. For example, five (5) findings related to the Rattler Boosters became no longer relevant once the University took over the game day parking and a couple of other issues.

The findings that we show as open are those where the proposed date of implementation of corrective action has not come or we are in the process of validating whether or not the corrective action has been implemented. Closed findings indicate that the corrective action for the finding has been implemented on time. The late findings constitute 12% and the open findings are the largest category as a result of validation of implementation of corrective action being in process. A brief description is given of the six (6) late findings. All were classified as moderate. We will continue to work with the individuals and departments to verify whether the corrective action plan is implemented. This concluded VP Givens report.

Trustee Mills asked we will be able to close the late findings in the next 60 days. VP Givens said we validation is currently in process, and it is expected to have the validation done within the next couple of months for all the findings where the corrective action date is in that time period. The 60 days are committed to. The Board member question was answered.

Trustee Moore inquired about findings in which procedures implemented did not correct the issue and whether additional procedures need to be implemented. VP Givens indicated that, in those two instances, the procedures that were implemented did not solve the problem. This has been a common issue with the decentralized cash collection points. The decentralized collection point should reconcile sales or revenues with the amount deposited. We thought we had it solved when we went through the audit, because we show the departments what needs to be done and they just didn't get it done.

Chair Perry asked if there is an indication when those things will be corrected. VP Givens indicated we have new dates for getting it corrected. This will be reported in the next report. In future reports the new date for implementation of corrective action will be reported for all late findings.

Trustee Lawson indicated he wants to bring the Boosters Club issues to a close. This has been going on for several months; so let's wait for Trustee Dortch to return, and have the conversation with him and then let's go quickly from there to the Audit Committee taking this back and determining what's there, and what can be done to bring it to a close. My guess is we are burning dollars with Ernst & Young throughout this process. So lets' try to bring it to a close and then legally what the next course of action could be.

Chair Perry, asked if there were any other business. No responses. The meeting was adjourned.

OVERVIEW OF RISK ASSESSMENT REPORT
2016 - 2017

PURPOSE

In developing the 2017-2018 Internal Audit Plan, we performed a university-wide internal audit risk assessment, a process that identified and analyzed risks facing Florida Agricultural and Mechanical University (FAMU).

- The risk assessment served as the primary basis for developing the 2017-2018 Internal Audit Plan.

- The objective of the risk assessment is to align internal audit resources to those processes that pose the highest risk to the University's ability to achieve its objectives.

While completing this year's risk assessment, we updated the prior year's risk assessment for changes that occurred in risk spheres since the prior risk assessment.

RISK MATRIX

(REFER TO THE RISK MATRIX IN ATTACHMENT I)

RISK THEMES

Risk Themes represent areas to be "top of mind" for key executives and managers within the organization.

▶ **Governance**

Although the University has policies and procedures in place, some of them are not current and oftentimes certain areas or departments are not following these policies.

Funding to implement the initiatives of the University's strategic plan has not been identified beyond the 2017-18 year; accordingly, there is a risk that the goals may not be achieved.

▶ **Funding**

The risk of diminished funding from the State and Federal Governments and a continued soft economy is a high risk for the University, resulting in increased dependence on tuition and donations in a current state where enrollment has declined and tuition increases are not likely to be approved.

Continued funding from the State relies on meeting certain metrics, including retention, graduation rates, and employment after graduation.

▶ **Student Recruitment and Retention**

University headcount enrollment figures for the past six years have been trending downward. Headcount enrollment declined 27% from Fall 2011 to Fall 2016. Initiatives to increase enrollment include:

- Retaining the number of "access opportunity" students
- Developing specialized articulation agreements with the Florida College System to attract students into majors that align well with their academic preparation and programs targeted by the University for strategic growth

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- Initiate programs to increase student retention, persistence, and graduation rates; increase passage rates on licensure examinations; increase availability of additional sections of courses through online courses; and increase the number of graduates in programs of strategic emphasis.

The University has made investment in human and technology resources to implement these initiatives, but success depends on continued funding to fully implement the initiatives.

▶ **Financial Aid**

Management of financial aid funds (including administering to students and potential return of funds to the government if violations occur) was noted as a high risk area for the University.

▶ **Athletics & NCAA Compliance**

Although improvements have been made in balancing the budget, the athletic department's lack of funding and operating deficit continues to represent a significant financial risk. Much of the department's funding comes from the athletic fees assessed to students; consequently, the declining enrollment increases the risk that the Athletic department's revenues will continue to be less than expenses.

Compliance risk exists for major level I violations or Title IX infractions to possibly occur if institutional control efforts are inadequate.

▶ **Information Technology (IT)**

The University's ERP System (PeopleSoft) is not configured to provide maximum system functionality. One root cause of this issue noted is that there is no IT Governance Committee in place to make long term strategic decisions regarding selecting and prioritizing the development of functionality that should exist in the system.

The growing cost of IT continues to be a high risk for the University.

The domain controller utilized to authenticate and authorize all users to PeopleSoft and other applications does not have a disaster recovery plan. Additionally, the University uses several other IT applications that do not have formal disaster recovery plans and which could cause significant interruptions if not easily recoverable.

Data breaches and inadequate access controls continue to be a concern.

▶ **Construction Management**

Although a new procedures manual was developed for management of construction projects, the University's internal project and business team is in the process of identifying an outside consultant to review and revise the current Facilities Project Manual by the end of the year. In addition, there has been significant turnover in the Facilities Planning and Construction department.

▶ **Budgeting and Cash Management**

Declining enrollment, uncertainty around donations and state funding, and flattening of tuition increases have caused an uncertainty in the level of funding the University will receive in coming years. Consequently, budget planning has become a challenge.

The University's cash reserves have decreased over the several years as operating revenues have declined and carry forward moneys have been used to fund ongoing operations, in some instances.

The University continues to collect cash at sites other than the central cashier's office. The decentralization of cash collections increases the risk of misappropriation of assets.

▶ **Regulatory and Compliance**

Although the University has established and is in the process of identifying a Chief External Compliance and Ethics officer to strengthen the compliance program, the risk of non-compliance with the various laws and regulations and possible monetary and reputational damage continues to be a concern.

PROPOSED INTERNAL AUDIT PLAN							
Risk Category	Project Description	Risk Category/Risk Area	Covered in	Planned Coverage for Fiscal Year			
			2016-17	2017-18	2018-19	2019-20	
Governance							
1.03	Leave Reporting Review	Control Environment	X	60			
1.03	Performance Based Funding Metrics	Control Environment/Internal Controls	X	1,350	X	X	
1.01, 15.01	Assessing Ethics-Related Programs & Activities	Corporate Governance			X		
1.02	Review adequacy of risk management	Corporate Governance		750			
1.03, 1.05	Review Process for Adopting & Changing Policies	Internal Controls/Culture				X	
Financial							
1.03, 17.02	Accounts Payable Review	Accounting and Reporting	X				
1.03	Decentralized Cash Collections	Accounting and Reporting	X			x	
17.02	Review Selected Fiscal Operations in College of Education	Accounting and Reporting	X				
18.01	Cash Forecasting & Budget Review	Accounting and Reporting			X		
Compliance							
16.05	Rattler Boosters	Legal & Regulatory	X				
16.05	Audit Athletic Operations BOT 2005.18	Legal & Regulatory		300	X	X	
8.05, 16.02	Implementation of NIST Standards	Legal & Regulatory			X		
Operational							
6.06	Financial Aid Process Review	Academic Operations	X				
6.06	Financial Aid Student Eligibility Review	Academic Operations				X	
6.08	Band Eligibility Compliance Review	Academic Operations	X	100	X	X	
7.02	Online Education & Support	Education Delivery			X		
12.04	IT Compliance with BOG Security Regulation	Information Technology	X				
12.02, 12.03, 12.04	IT – Review 3rd party Contract Management	Information Technology		800			
12.03, 12.04	IT - Disaster Recovery Plan Review	Information Technology			X		
8.05, 12.04	Cloud Service Provider Review	Information Technology		800			
12.01 12.03	IT - Review Automation/Use of PeopleSoft	Information Technology			X		
14.02	Review Write-off of Tangible Personal Property	Physical Assets	X				

Ref	Activity	Category		Hours		
14.03	Construction Management Review	Physical Assets	X	800	X	X
14.03	Review P3 Process	Physical Assets				X
6.08	SGA Expense Review	Student Support Services	X			
13.02	Review Title IX/Clery Act Reporting	Environmental Health & Safety	X			
6.05	Admission & enrollment	Academic Operations		800		
6.03	In Process: Assess Student Retention Programs	Academic Operations	X	350		X
6.03	Assess Student Recruiting Programs	Academic Operations			X	
12.04	Physical Controls Over Mobile Data Storage Devices	Information Technology				X
12.04	Application Program Change Controls	Information Technology				X
	Total Hours Audits & Assurance			6,110		
	Management Advisory Services					
16.05	Consulting on Athletics Compliance Review	Compliance/Legal & Regulatory	X	150		
1.03, 1.04	Training Assistance	Governance	X	100	X	X
12.01, 12.02, 12.03, 12.04	IT Cybersecurity Gap analysis	Information Technology	X	80		
1.03	Decentralized cash collections	Governance		150		
	Management Requests	Various	X	1,250	X	X
	Monitor Strengthening of Compliance Function	Legal and Regulatory	X	150		
	Total management services			1,880		
	Follow ups and investigations					
	Follow up of Audit Findings		X	1,200	X	X
	Investigations		X	1,000	X	X
	Total Follow up and investigation			2,200		
	Internal Audit Administration					
	Training			520		
	Administration			5,200		
	Leave			920		
	Total Internal Audit Administration			6,640		
	Total All Hours			16,830		

2016-2017 – OVERVIEW OF ANNUAL REPORT

The Division of Audit & Compliance is charged with protecting the University by providing risk-based, objective and reliable assurance, consulting, and investigative services.

WORK ALLOCATION

The Division of Audit & Compliance's direct work time was allocated as follows during Fiscal Year 2016-17:

	2016-17	2015-16
• Auditing and assurance	60%	43%
• Follow up audits	10%	16%
• Consultation and advisory services	11%	7%
• Investigations	19%	34%

Increase in time spent for auditing and assurance services resulted from an increased coverage in areas identified as high risk or of special concern. Six more assurance reports were issued during 2016-17 when compared with 2015-16.

The decrease in follow up audit hours resulted from the audit finding database having been established in the prior year.

Investigative hours decreased through continuing efforts to prioritize work according to significance.

AUDITS AND ASSURANCE SERVICES

Audits completed during 2016-17 are:

- Performance Based Funding;
- Decentralized Cash Collections – Athletics;
- IT Compliance with BOG Regulation;
- Construction Process for CASS Building Project;
- Review of Rattler Boosters Compliance with Selected Regulations;
- Financial Aid Process Review;
- SGA Expense Review;
- Review Title IX/Clery Act Reporting;
- Band Eligibility and Travel Review;
- Review of Tangible Personal Property Write-off;
- Review of Certain College of Education Fiscal Matters.

Audits in process at June 30, 2017 included:

- Review of Student Retention Programs;
- Review of Leave Payout Process.

The following audits were scheduled for 2016-17, but not completed.

- Cash Management Forecasting;
- Review of Process for Adopting and Changing Policies.

FOLLOW UP AUDITS

Follow up reviews are completed for any audit findings disclosed in assurance engagements and may be completed for other engagements, such as investigations, as deemed necessary. Beginning in 2016-17, periodic reports were provided to the Audit Committee, President, and senior leadership team on the status of implementation of corrective actions.

CONSULTATIONS/ADVISORY SERVICES

Major Consultations completed during 2016-17:

- Monitoring the BOG's adoption of audit-related Regulations;
- CAE Application;
- NIST Cybersecurity implementation project planning;
- Security plan development;
- PCI compliance;
- Other consultations on a variety of topics.

Consultations in process at June 30, 2017 included:

- National Center of Academic Excellence in Cyber Defense;
- IT Cybersecurity Gap Analysis.

INVESTIGATIONS

During 2016-17, 51 cases were received, 8 investigative reports were issued, 10 complaints were referred to other departments for investigation, 18 were closed without investigation, and 15 are in process. Issues investigated included:

- Allegations concerning personal use of university property;
- Violations of various laws and university regulations, including unapproved outside employment, hiring practices, and purchasing irregularities;
- Failures to sign-out for leave;
- Unauthorized grade changes;
- Various issues related to grade grievances.

DISCLOSURES

The Division of Audit & Compliance adheres to the Standards of the Institute of Internal Auditors (IIA) and Government Auditing Standards. The following items are being disclosed in conformance with the *Standards*:

Organizational Independence

The Division of Audit and Compliance reports functionally to the Audit Committee of Florida Agricultural and Mechanical University Board of Trustees and administratively to the President.

Impairments to Independence or Objectivity

There were no impairments to independence or objectivity in fact or appearance during 2016-17.

Disclosure of Nonconformance

During 2016-17, there were no instances in which projects were completed in a manner that did not comply with the *Standards.*

Resolution of Management's Acceptance of Risks

We are required to disclose to senior management and the Board of Trustees any situation in which it is believed university personnel have accepted a level of residual risk that may not adequately reduce or mitigate the risk of loss. There were no such instances during Fiscal Year 2016-17.

Quality Assurance Review

In February 2017, an external professional services CPA firm completed a quality assurance review of our office for activities conducted during the 2015-16 year. The review concluded we were operating in general conformance with professional standards (the highest rating).

PROFESSIONAL ACTIVITIES:

Division of Audit and Compliance staff maintains active memberships and attends continuing educational seminars in the following professional associations:

- Association of College and University Auditors (ACUA) – Institutional member;
- Institute of Internal Auditors (IIA) – National and local chapter member;
- Information Systems Audit and Control Association (ISACA) – National and local member;
- Association of Inspector General (AIG) – National and local member;
- Association of Certified Fraud Examiners (ACFE) – Local chapter member;
- Association of Government Accountants (AGA) – National and local chapter member;
- National Association of Construction Auditors (NACA) – National member.

Staff also serve in leadership roles in the ISACA and IIA professional organizations.

MONITORING DIRECT SUPPORT ORGANIZATION AUDITS

As a result of issues encountered in monitoring the Rattler Boosters organization, frauds discovered in direct-support organizations at other universities, and the Legislature's interest in financial activities of direct-support organizations, the university's policies and regulations regarding direct-support organization audits were reviewed to determine if the BOT's oversight of the DSOs' audit process could be strengthened.

EXISTING REGULATIONS AND POLICIES

Internal Management Memorandum (IMM) 2003-01 FAMU Direct Support Organizations

The University adopted FAMU IMM 2003-01 on June 24, 2003, which establishes criteria for certifying DSOs and policies regarding operation and oversight of DSOs. Section 10 of the IMM provides that each DSO shall have an annual audit of its accounts and records to be conducted by an independent CPA in accordance with rules adopted by the Auditor General and Board rules, which shall be submitted to the President and audit committee for review and approval no later than December 31 following the close of the fiscal year.

BOT Policy 2005-18 University Athletics Booster Policy

Section 5 of this policy provides that, in addition to the requirements of IMM#2003-1,

- All financial statements, reports and audits of the Rattler Booster organization shall be submitted to the auditor performing the University's annual athletic financial audit, as required by the NCAA Constitution 6.2.3, as now or hereafter amended,
- Periodic spot-audits shall be conducted of the Rattler Booster organization's financial activities by the University's Office of Audit and Compliance, and
- Periodic audits of athletic donors shall be conducted by the University's Office of Audit and Compliance to ensure proper accounting of all appropriate donated funds.

University Regulation 11.001

DSOs shall annually have an audit and management letter as prescribed by applicable laws and rules, which shall be submitted to the President and audit committee for review and approval.

Section 1004.28, Florida Statutes

Section 1004.28(5), Florida Statutes, provides that each DSO shall provide for an annual financial audit of its accounts and records to be conducted by a CPA in accordance with rules adopted by the Auditor General and university BOT. The annual audit report shall be submitted, within 9 months after the end of the fiscal year, to the Auditor General and the BOG for review. The BOG, BOT, Auditor General, and Office of Program Policy Analysis and Government Accountability shall have the authority to require and receive from the organization or from its independent auditor any records relative to the operation of the organization.

PROPOSED MODIFICATIONS TO POLICIES

Based on review of the existing regulation and polices, oversight and monitoring could be strengthened. Proposed modifications to the university's existing regulation, policies, and procedures include the following:

- Audit committee
  - Each DSO is to have an audit committee composed of at least three members
  - All members shall be financially literate
  - One member shall have strong professional working experience in accounting, business, finance, audit, and internal controls
  - No member shall be a member of DSO management
  - If a DSO cannot identify a qualified audit committee member, the DSO board may request the Board of Trustees Audit Committee to appoint a qualified person to the DSO audit committee
- Audit charter
  - Each DSO audit committee shall have an audit charter that is approved by the respective DSO board
- Audit firm selection
  - Each DSO audit committee shall select the audit firm to perform the DSO financial statement audit
  - The DSO audit committee shall forward its selection to the DSO board for approval
  - The DSO board shall forward the name of the firm to the university BOT for approval
  - The audit contract shall be up to a five year period
    - At end of five year period
      - the DSO may elect to extend the contract for up to an additional five-year period, or
      - issue a request for proposal for the next period
      - If an RFP is issued, the current firm may respond to the RFP for consideration
  - An audit firm entering into a second contract shall designate a new lead audit partner for the second term
  - For current firms that have served more than five years, but less than ten years, the DSO may elect to extend the current contract to a total of up to ten years to include the years previously served as the auditor
    - Unless approved by the BOT, no audit firm may have an audit contract more than five continuous years including previous years already served through the 2017-18 fiscal year
  - RFP requirements and process
    - Criteria for evaluation of audit firm proposals should include such criteria as experience and ability; understanding of applicable laws, rules, and regulations; familiarity with auditing similar organizations; project requirements, approach, and method; and fee proposal

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- The audit committee shall give consideration to the quality of the audit proposal first, and then shall take into consideration the proposed fee
- Negotiations shall be held with the first ranked firm to agree on a contract to include the audit fee and related expenses
- If a contract cannot be agreed upon, negotiations shall be formally ended with that audit firm and negotiations shall be conducted with the second ranked firm and so on until a contract is agreed upon
- Submission of Draft Financial Statements
  - Each DSO shall submit draft financial statements no later than September 15 following the close of the fiscal year
- Follow up to audit findings
  - No later than six months after the audit is issued, each DSO shall report on the status of implementation for corrective actions for all findings reported in the audit report

NEXT STEP

Prepare a draft regulation, in consultation with the Office of General Counsel and the University's Direct Support Organizations, for consideration by the BOT Audit Committee.

COMPLIANCE & ETHICS OFFICER UPDATE

The Compliance & ethics Officer was advertised and 25 applications were received. A search committee is reviewing the applications with an expected hire date by the end of October.

FOLLOW UP AUDIT FINDINGS

Findings Follow-up – as of August 1, 2017

Finding Rating	Late	Corrective Action Not due	Open	Corrected	Total
Red	2	4	0	3	9
Yellow	4	4	7	16	31
Green	0	0	2	8	10
Totals	6	8	9	27	50
	12%	16%	18%	54%	100%

Follow-up includes reports issued through April 30, 2017 and recommendations due through August 1, 2017.

Summary of Late Findings

Finding Rating	Finding Description	Management's Action Plan	Reason
Textbook Affordability	Textbook affordability procedures could be enhanced to document the dates the required textbook information was posted to the University's web site. Compliance was achieved for the summer 2017 B term, but not for the fall 2017 term.	A calendar of due dates has been established and communicated to staff in the colleges and schools who are responsible for compliance, using a time frame which will result in compliance. The Associate Provost will receive periodic reports of textbook adoptions 60-75 days prior to the academic term, which will be distributed to the deans and designees within each school who administer textbook adoption. Faculty have been educated on the textbook affordability law. It has been recommended to the deans to make timely textbook adoption a priority and to include this performance expectation as part of faculty evaluations.	Posting of textbooks was not monitored closely enough to identify courses for which textbooks were not posted timely. The new deadline for implementation of corrective actions is August 2017, with compliance for the Spring 2018 term.
Separation of duties	An employee had access capability to manually add a student to the graduation report and approve the student for graduation.	Develop a report for students who are manually added. The report will be approved prior to graduation.	An enhancement was developed tha will prevent he employee from issuing eligibility to appy indicators and manually adding students to the graduation approval roster. This ehancement is in the testing phase and is expected to be operational by Fall 2017.
Access to PeopleSoft Accounts	Employees' access to PeopleSoft accounts payable roles are not timely removed or	Complete an annual user role recertification project.	The recertification project is underway, but is very detailed and involves describing PeopleSoft user

Payable Roles	locked, resulting in employees having access to roles not needed to perform their duties.		roles in terms that can be understood by user departments. User departments must verify that users need access to the roles based on job duties. The new deadline for implementation is October 2017.
Security Policies & Procedures	Security policies and procedures related to parts of the security program had not been established.	Review, create and update policies to govern processes to add/change and remove PeopleSoft access; use of correction mode, and password controls and parameter settings. Identify critical records and fields that are being logged and frequency of review by management.	The original deadline was not met due to staffing changes at CISO and CIO positions and staff shortages on the ITS security team. ITS has assigned new personnel to oversee the corrective action plan. The new deadline for implementation is December 2017.
Security Awareness	The University lacked a security awareness policy and program to ensure that all faculty, staff, students, and contractors were trained on security policies and their roles and responsibilities for ensuring data security.	A security awareness policy was developed. ITS will continue development of a security awareness program.	The original deadline was not met due to staffing changes at CISO and CIO positions and staff shortages on the ITS security team. ITS has assigned new personnel to oversee the corrective action plan. The new deadline for implementation is October 2017.
Degree audits	Improvements should be made in the approval process in permitting exceptions for taking a course in lieu of a required course.	The provost's office will review use of exceptions in lieu of required courses with the academic deans.	The review of use of exceptions in lieu of required courses is in process and expected to be complete by Spring 2018.

Risk Rating Definitions

The following risk rating definitions are used in assessing the relative risk of internal audit observations and do not represent an opinion on the adequacy or effectiveness of internal controls. Responsible management is responsible for assessing whether the controls the University has implemented are adequate to meet its operational, compliance and financial reporting objectives.

High: Immediate management attention is required. This is a serious internal control or risk management issue that if not mitigated, may, with a high degree of certainty, lead to: 1) Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organizational entity or process being audited; 2) Serious violation of university strategies, policies, or values; 3) Serious reputation damage, such as negative publicity in national or international media; and/or 4) Significant adverse regulatory impact, such as loss of accreditation or material fines.

Medium: Timely management attention is warranted. This is an internal control or risk management issue that could lead to: 1) Financial losses (stipulate levels); 2) Loss of controls within the organizational entity or process being audited; 3) Reputation damage, such as negative publicity in local or regional media; and/or 4) Adverse regulatory impact, such as public sanctions or immaterial fines.

Low: Routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the organizational entity or process being audited. Risks are limited.

RATTLER BOOSTER UPDATE

Ernst & Young has been provided information to plan the audit procedures and is expected to be on-site early September. The Booster organization has been cooperating to provide the information for the audit.

DIVISION ACTIVITIES

The primary Division projects have been:

- Risk Assessment
- Follow up to audit findings
- In process projects
  - Cybersecurity consulting
  - Retention

INTERCOLLEGIATE ATHLETIC AUDIT REPORT

BOT Policy 2005-16 requires that all sources and expenditure of funds associated with the University's Intercollegiate Athletic Programs shall be annually audited by an independent outside auditor, as mandated by NCAA Constitution 6.2.3. The Audit Committee' Charter, Section E.6 provides that the Audit Committee shall review annual financial statements and management letters from audits of Intercollegiate Athletics. The audit report and management letter for the year ended June 30,

2016 for the Intercollegiate Athletic Program were received and distributed. A summary of the audit report is presented below:

Organization	Type of Opinion on financial Statements	Were deficiencies noted in internal control over financial reporting?	Were issues reported for compliance or other matters?	Were management letter comments reported?	
Intercollegiate Athletics	Unmodified	No	No	Yes (1)	

(1) Difficulties were encountered in performing and completing the audit process, including failure to prepare requested audit schedules, lack of responsiveness to audit inquiries during early phases of the audit, and lack of available documentation. These issues added to the time and cost of the audit.

Florida Agricultural and Mechanical University
Board of Trustees

Division of Audit and Compliance

2017-18 Risk Assessment and Internal Audit Plan

Table of Contents

Executive Summary

In developing the 2017-2018 Internal Audit Plan, we performed a university-wide internal audit risk assessment, a process that identified and analyzed risks facing Florida Agricultural and Mechanical University (FAMU). The risk assessment served as the primary basis for developing the 2017-2018 Internal Audit Plan. The objective of the risk assessment is to align internal audit resources to those processes that pose the highest risk to the University's ability to achieve its objectives. In addition, we considered fraud risk factors in the development of this Internal Audit Plan.

While completing this year's risk assessment, we updated the prior year's risk assessment for changes that occurred in risk spheres since the prior risk assessment. We met with the senior management team to identify risk spheres in which the University's risk changed from the prior year's risk assessment as a result of new programs or initiatives implemented during 2016-17 to mitigate risks, and changes that could adversely impact risks, such as legislation or other factors. We also considered the results of various Division of Audit & Compliance audits, investigations, and consulting activities that disclosed risks or mitigating controls affecting risk. Also considered were results of external audits (primarily the operational audit performed by the Office of the Auditor General). We conducted interviews with certain members of the Executive Staff and members of FAMU's Board of Trustees related to the University's overall risk universe. Each interviewee was asked to comment on the risks associated with FAMU's ability to execute its core objectives and risks specifically related to their span of control.

Risk Assessment Matrix Development Process

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

1. Determine the risk universe for FAMU

2. Determine the likelihood of occurrence having a material impact on the University

3. Risk definition – low, medium and high

Risk Universe

The risk universe was compiled using a standard risk universe for Universities and adjusting for operations applicable to FAMU. The adjustments to the risk universe were made from our knowledge and experience with the University's operations, prior internal audit reports, and from discussions with Executive Staff and focus groups.

Likelihood of Material Impact of Occurrence

The risk related to each category was scored based on the likelihood of having a material impact on the University. Interviewees and prior year survey recipients completed the risk ranking, where each risk was scored on an impact and likelihood scale. Guidance on risk ranking (listed below) was provided to survey recipients for measuring impact and likelihood on a 1-5 scale.

Likelihood

Score	Rating	Probability
5	Expected	>90%
4	Highly likely	≤ 90%
3	Likely	≤ 60%
2	Not likely	≤ 30%
1	Slight	≤ 10%

Risk Impact

Score	Rating	Strategic		Operations	Compliance	Financial
5	Significant	Loss of confidence in all stakeholder* groups	Potential closing of University	Enterprise wide; inability to continue normal operations across entire University	Management indictments; Large-scale legal action; Regulatory sanctions	Financial impact greater than $50M
4	High	Loss of confidence by 3 or more stakeholder* groups	2 or more changes in senior leadership; significant changes to University's strategic plan	Significant interruptions to University operations	Management challenges; Large legal liabilities; Regulatory fines	Financial impact of $20M-$50M
3	Moderate	Loss of confidence by 2 or more stakeholder* groups	1 or more changes in senior leadership; significant changes to University's operating plans and execution	Moderate interruptions to University operations	Management reviewed; Legal reserve established; Regulatory investigation	Financial impact of $1M-$20M
2	Low	Loss of confidence limited to 1 stakeholder* group	Refinements or adjustments to University's operating plans and execution	Minor interruptions to University operations	Management unaffected; Minimal liabilities; Regulatory attention	Financial impact between $500K - $1M
1	Limited	Limited impact to 1 stakeholder* group	Limited adjustment necessary	Limited interruptions to University operations	Limited liabilities or Regulatory impact	Financial impact of less than $500K

*Note: example stakeholder groups Include students, faculty, Board of Governors, Board of Trustees, donors, alumni, SACS, USDOE, etc.

We multiplied impact and likelihood and used that number to calculate overall risk, which was then grouped into risk categories of low, moderate and high.

The survey results from the prior year were used as the starting point for the current year's risk assessment. A survey was not conducted for the current year.

Risk Definition

Low risk – FAMU has an *unlikely* probability of risks occurring that would have at least a material impact on the Company's ability to achieve its strategic objectives.

Moderate risk – FAMU has a *medium* probability of risks occurring that would have at least a material impact on the Company's ability to achieve its strategic objectives.

High risk – FAMU has an *expected* probability of risks occurring that would have at least a material impact on the Company's ability to achieve its strategic objectives.

Risk Assessment Matrix

There are many definitions and categories of risk. Entities perceive risk based on the nature of their operations, the organization's culture, and other factors unique to them. Risk Management is broadly defined as a process designed to identify potential events that may affect the entity, and to manage risks to provide reasonable assurance regarding achievement of entity objectives. [1]

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

The matrix below classifies and ranks FAMU's risks according to the risk universe and scoring as discussed above. Additionally, prior year and planned internal audit coverage is noted in the table below. The Auditor General also performs annual financial statement and federal awards audits.

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[1] Source: COSO Enterprise Risk Management – Integrated Framework, 2004 COSO

	Low: < 9.99 Medium: 10 – 14.99 High: >15	2016-17 Risk Assessment (Impact * Likelihood)	Planned Internal Audit Coverage			
			2017-18 Risk Assessment	Covered in 2016-17	2017-18	2018-19	2019-20
Strategic Risks						

		2016-17 Risk Assessment (Impact * Likelihood)	2017-18 Risk Assessment	Covered in 2016-17	2017-18	2018-19	2019-20
Strategic Risks							
Governance							
1.01	Corporate Governance	11.27				X	
1.02	Leadership Effectiveness	14.87			X		
1.03	Control Environment/Internal Controls	13.40		X	X	X	X
1.04	Roles, Responsibility & Accountability	12.83		X	X	X	X
1.05	Culture	15.17					X
Planning & Resource Allocation							
2.01	Strategic Planning & Direction	12.25					
2.02	Annual Budgeting & Forecasting	13.02					
2.03	IT Enablement & Process Automation	13.43					
2.04	Alliances & Partnerships	9.90					
Strategic Initiatives							
3.01	Program Planning & Governance	11.32					
3.02	Program Execution & Monitoring	10.67					
3.03	Business Acceptance & Change Management	12.39					
Industry Dynamics							
4.01	Macro-economic Factors	11.46					
4.02	Regulatory Uncertainty / Government	12.74					

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		Advocacy					
4.03	Educational Standard / Preference Changes	11.87					
Communications							
5.01	Alumni Relations	11.14					
5.02	Community/Media Relations	14.20					
5.03	Crisis Communication	12.66					
5.04	Faculty, Staff & Student Communication	12.23					
Operational Risks							
Academic Operations							
6.01	Curriculum Strategy & Development	10.58					
6.02	Faculty Recruiting & Retention Strategy	11.02					
6.03	Student Recruiting & Retention Strategy	18.34		X	X	X	X
6.04	Tuition - Cost of Education	13.52					
6.05	Admission & Enrollment	17.81			X		
6.06	Financial Aid	15.43		X			X
6.07	Billings (tuition/services)	12.99					
6.08	Student Support Services	15.89		X	X	X	X
Education Delivery							
7.01	Capacity Planning & Scheduling	11.60					
7.02	On-line Education & Support	15.51				X	
7.03	Licensing & Classroom Technology Support	9.87					

		Contracts & Grants					
8.01	Contract Management	11.47					
8.02	Sponsor Funding	11.60					
8.03	Intellectual Property	7.80					
8.04	Clinical Trials Research Billing	8.27					
8.05	Research & Data Integrity	11.72			X	X	
		Donor Management					
9.01	Fundraising/Development Infrastructure	12.45					
9.02	Donor Compliance / Intent	9.98					
9.03	Gifts & Donation Management	10.03					
		Supply Chain					
10.01	Vendor Management & Supplier Quality	8.40					
10.02	Procurement & Supplier Rationalization	8.43					
		People / Human Resources					
11.01	Human Capital Strategy / Planning	13.49					
11.02	Faculty & Staff Performance	12.52					
11.03	Development & Training	12.18					
11.04	Succession Planning	14.70					
		Information Technology					
12.01	IT Strategy & Planning	13.23		X	X	X	
12.02	IT Network Infrastructure & Architecture	13.87		X	X		

12.03	IT Availability	12.37		X	X	X	
12.04	Information Security	15.03		X	X	X	X
Environmental Health & Safety / Hazards							
13.01	Physical Security	11.23					
13.02	Public & Student Safety	11.69		X			
13.03	Lab Safety	10.66					
13.04	Business Continuity Planning / Resiliency	9.47					
Physical Assets							
14.01	Real Estate Optimization	7.24					
14.02	Property, Plant & Equipment Optimization	8.23		X			
14.03	Construction Management	11.30		X	X	X	X
14.04	Facilities Management	9.64					

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Code of Conduct							
15.01	Ethics & Integrity	12.84					X
15.02	Fraud / Asset Misappropriation	12.28					
15.03	Academic Misconduct	10.65					
15.04	Conflict of Interest	11.73					
Legal & Regulatory							
16.01	Anti-corruption	8.92					
16.02	Research Compliance	12.15				X	
16.03	Labor Laws	7.51					
16.04	Sales Tax Compliance	4.59					
16.05	Athletic Programs & NCAA	16.43		X	X	X	X
16.06	HIPAA (Privacy & Security)	9.75					
16.07	FERPA	10.59					
16.08	Maintain 501(c)3 Tax-Exempt Status	6.72					
16.09	ADA Compliance				N/A		
Finance Risks							
Accounting & Reporting							
17.01	Financial Accounting, Reporting and Disclosure	9.97					
17.02	Management Reporting & Business Intelligence	10.62		X			
Liquidity & Credit							
18.01	Cash Planning & Management	12.39				X	
18.02	Credit & Collections	12.32					
18.03	Investment Strategy & Management	11.63					
18.04	Funding & Refinancing	9.69					
18.05	Debt Structure & Management	10.20					
18.06	Bond Compliance	7.66					

18.07	Pension Fund Liability	8.22					
	Risk Management						
19.01	Insurance Coverage & Optimization	7.39					

Risk Themes

Listed below is a summary of risks consistently cited by 2016-17 survey recipients and interviews conducted during this year's Risk Assessment. These are summarized here to provide the Audit Committee and management with areas represented to the Division of Audit & Compliance to be "top of mind" for key executives and managers within the organization.

▶ **Governance**

The University is governed by the Board of Trustees which consists of thirteen members. The Board of Trustees experienced significant transition over the last two years, including eight new members during the 2015-16 Academic Year. As the governing body for the University, the Board of Trustees is charged with policy making for the University. An area noted during our 2017-18 Risk Assessment interview process was that while the University has policies and procedures in place, some of them are not current and oftentimes certain areas or departments are not following these policies. Failure to follow policies and procedures increases the University's risk in all risk categories, and affect the ability to safeguard resources and deliver education services. An additional concern is lack of a process for adopting, reviewing, and changing University policies, which increases the risk that policies are not updated to meet changes in the environment. Finally, some risk assessment interviewees expressed a concern that internal controls need to be strengthened to ensure that student government leaders receive orientation and training on their role and responsibilities.

During the 2016-17 year, a strategic plan for the University was being developed. The proposed plan identifies six priorities for the University related to improvements in several areas. However, funding to implement the initiatives has not been identified beyond the 2017-18 year; accordingly, there is a risk that the goals may not be achieved.

Internal audit coverage – Policies and procedures reviews (conducted as part of each audit and in investigations); Review of leave payout process (2017-18); Review adequacy of risk management (2017-18); Training assistance (2017-18, 2018-19, 2019-20); Assessing ethics-related programs and activities (2018-19); Review of process for adopting & changing policies (2019-20)

▶ **Funding**

The risk of diminished funding from the State and Federal Governments and a continued soft economy is a high risk for the University. Decreased government funding results in increased dependence on tuition and donations in a current state where enrollment has declined and tuition increases are not likely to be approved. The University has continued to have several flow-down effects: there is an adverse effect on faculty and student morale; and enrollment has decreased from prior levels. The University must remain in compliance with 34.668 Standards of Administrative Capability to continue to particpate and receive Title IV funds which provides continued concern for the University since at least 91%of the student body is on some sort of financial aid. Additionally, Florida Statute 1009.286 requires a student to be responsible for 100% of course costs if the student exceeds 110% of the required credit hours to obtain a degree.

The University is in the early stages to offer online education courses, which could provide additional funding as well as improve performance funding metrics, such as retention and progression rates. Initiatives to increase online courses include providing online course offerings for all general education courses by 2018 and beginning to develop online course offerings for certain undergraduate programs. Continued progress will depend on developing an adequate infrastructure and supporting services to provide a high-quality product. Additional funding has been requested to grow and sustain the development of online course offerings.

Continued funding from the State relies on meeting certain metrics, including retention, graduation rates, and employment after graduation. The Board of Governors has mandated that it receive assurance that the process for submitting data related to performance funding metrics is reliable.

Internal audit coverage – Performance based funding metrics (2017-18, 2018-19, and 2019-20); Program review of online education (2018-19); See Budgeting & Cash Management section for scheduled cash forecasting & budget review

▶ **Student Recruitment and Retention**

SEMESTER	HEADCOUNT ENROLLMENT[2]	% CHANGE IN ENROLLMENT
FALL 2011	13,207	—
FALL 2012	12,051	(8.8%)
FALL 2013	10,738	(10.9%)
FALL 2014	10,233	(4.7%)
FALL 2015	9,920	(3.1%)
FALL 2016	9,614	(3.1%)

University headcount enrollment figures for the past six years have been trending downward. Headcount enrollment declined 27% from Fall 2011 to Fall 2016.

A main goal of the university is to recruit the best and brightest students. Historically, the university has enrolled a mix of "access opportunity" students (i.e., students who do not meet all requirements for admission to the university) which is capped at 20% of the population. The number of "access opportunity" students admitted continues to have an impact on graduation rates (on average six years) and progression rates. This will continue to affect the University's ability to meet requirements for performance-based funding metrics, if support services are not provided. The university has implemented initiatives to reduce the number of access opportunity students accepted, contacting prospective students as they begin the ninth grade, and improving the process for communicating to prospective students; however, the university will need to invest more money and resources to continue these initiatives and to increase the number of students who apply for admission (i.e., new online application, intelligent capture, Florida Statewide test repository). Additionally, money and resources will need to be invested to provide the support services to retain students, such as academic advisement, tracking system, amended academic policies, career development, transition programs, counseling, and classroom technology support. Finally, risk assessment participants indicated that continued decline in enrollment and retention could adversely impact the University's next Title III grant.

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[2] - https://public.tableau.com/views/Enrollment_20/HeacountEnrollment?:embed=y&:display_count=yes&:showTabs=y&:showVizHome=no

The University is developing specialized articulation agreements with the Florida College system to attract students into majors that align well with their academic preparation and programs targeted by the University for strategic growth. Establishment of articulation agreements will enable the University to increase degree production in strategic areas.

For the University to meet and improve on several of the performance metrics, it is necessary that students make progress in their academic program, graduate within a defined period, and not take excess credit hours. To increase student success, the University must increase student retention, persistence, and graduation rates; increase passage rates on licensure examinations; increase availability of additional sections of courses through online courses; and increase the number of graduates in programs of strategic emphasis. Strategies that are being implemented include expanding living-learning communities; using early alert software and other mechanisms to enhance electronic monitoring of student progress; enhancing effectiveness of advisement through collaboration with colleges and schools; continuing enhancement to the Access Summer Bridge Program; implementing a more intrusive and just-in-time advisement process; developing curriculum maps; and targeting of faculty development opportunities to enhance teaching and student learning. The University has made investment in human and technology resources to implement these initiatives, but success depends on continued funding to fully implement the initiatives.

Internal audit coverage – Assess student retention programs (2017-18 and 2019-20); Assess Admission & enrollment operations (2017-18); Assess student recruiting programs (2018-19)

▶ **Financial Aid**

SEMESTER	HEADCOUNT ENROLLMENT[3]	FINANCIAL AID COUNT[4]	% OF STUDENT BODY ON FINANCIAL AID
FALL 2010	13,277	12,932	97%
FALL 2011	13,207	12,815	97%
FALL 2012	12,051	11,467	95%
FALL 2013	10,738	9,985	92%
FALL 2014	10,233	9,330	91%
FALL 2015	9,920	9,377	94%

Over the past six years at least 91% of the University's student body received some sort of financial aid to assist students with meeting the cost of a college education. Risk Assessment interviewees and survey respondents consistently noted the management of financial aid funds (including administering to students and return of funds to the government) as a high risk area for the University. If financial aid is not administered according to federal regulations, penalties and fines could occur. Additionally, if FAMU fails

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[3] https://public.tableau.com/views/FinancialAid_7/FinancialAidRecipientCount?:embed=y&:display_count=yes&:showTabs=y&:show
VizHome=no

[4] The Final Financial Aid Recipient Count Report of student body receiving some sort of Financial Aid figures were obtained from the Florida Agricultural & Mechanical University – Office of Institutional Research - Interactive Reporting Tool (Beta Version) – Financial Aid – located at https://public.tableau.com/views/FinancialAid_7/FinancialAidRecipientCount?:embed=y&:display_count=yes&:showTabs=y&:showVizHome=no

to administer financial aid to students in a timely manner, this could adversely affect student recruitment and retention.

Internal audit coverage –Financial aid student eligibility review (2019-20)

▶ **Athletics & NCAA Compliance**

Although improvements have been made in balancing the budget, the athletic department's lack of funding and operating deficit continues to represent a significant financial risk. Much of the department's funding comes from the athletic fees assessed to students; consequently, the declining enrollment increases the risk that the Athletic department's revenues will continue to be less than expenses.

On November 20, 2015, the NCAA Division of Infractions issued a public infraction report to the FAMU Athletics Department disclosing four level II violations of NCAA Bylaws. Accordingly, the University established a corrective action plan to address the penalties imposed. Academic and compliance departments were combined (May 2016) so that some elements of compliance are now handled by advisors and coaches were instructed and trained on compliance. Athletic staff awareness was raised to hold University athletic officials accountable by providing written reprimands for violations, and providing additional training related to areas of weakness. More experienced compliance professionals have been hired. Two new compliance positions have been established and duties were reassigned to have more staff working in compliance related areas. The Athletic Department engaged an outside firm to perform a compliance review as part of penalties imposed by the NCAA. Rules education training is being provided to staff and to Rattler Booster staff. A member of the financial aid staff has been assigned as athletics liaison with financial aid and there is also an in-house athletics compliance officer working with the financial aid office for student athletes.

Risk assessment participants also expressed concerns that compliance risk exists for major level I violations or Title IX infractions to possibly occur if institutional control efforts are inadequate. The University is required to have a certain number of players eligible to field a team. During 2013-14 and 2014-15, the NCAA imposed penalties on some athletic teams as a result of low academic progress rates. Some penalties have been removed as some initiatives have been implemented to improve academic performance. There is constant media scrutiny around college athletics, and additional infractions could cause increased reputational harm for FAMU.

Internal audit coverage – Consulting on Athletics Compliance Review (2017-18); Audit Selected Athletic Operations (2017-18, 2018-19, 2019-20)

▶ **Information Technology (IT)**

Almost all Risk Assessment participants noted some aspect of IT as a high risk for the University. A theme consistently mentioned was that the University's ERP System (PeopleSoft) is not configured to provide maximum system functionality. One root cause of this issue noted is that there is no IT Governance Committee in place to make long term strategic decisions regarding selecting and prioritizing the development of functionality that should exist in the system. Several respondents noted that manual processes are required to supplement and/or be used in place of processes that could be automated (including systemic approvals, reconciliations, segregation of duties controls, etc.). To add efficiency and eliminate manual processes, the ITS iRattler Campus Solutions Team meets monthly with the core business offices to address system functionality, requests for modifications, and training needs. A comprehensive project list has been developed to identify potential projects and track their status. Additionally, the ITS iRattler/PeopleSoft Financial Management Team works closely with University business owners to determine system functionalities that will improve business processes.

The growing cost of IT continues to be a high risk for the University. During the Risk Assessment, individuals noted it is difficult to maintain the current IT infrastructures that supports University operations. Meeting salary demands of rising IT professionals and retaining the talent needed to maintain the University systems continues to be a challenge. Maintaining the resources the University has spent time to train, specifically with applications (PeopleSoft), is a challenge that creates further risk. The Network Operations Closet (NOC) received two major retrofit upgrades during 2016-17: 1) installation of 2 new HVAC units, 2) installation of Uninterrupted Power Source system to replace the legacy system. The network infrastructure as a whole is out of date and ITS personnel estimate it requires approximately $9.9 million worth of upgrades. Since 2016, enhancements have been made to the network infrastructure, including increase internet bandwidth speed, infrastructure upgrades to four campus locations, wireless upgrades, and installation of new technology in the Pharmacy Building. Critical network infrastructure that have reached or are reaching end of life status have been identified; however, the University has not prioritized funding toward these upgrades, thereby increasing the risk that the network would fail or vulnerabilities from the use of outdated equipment could compromise the network.

The establishment of a disaster recovery plan is important for the University to reduce the likelihood of interrupted operations not being able to be recovered in a timely fashion. The University currently does not have a business continuity plan with a comprehensive and formalized disaster recovery plan. Although the applications that run on the PeopleSoft system are hosted by a third party, Cedar Creststone, which has a disaster recovery plan and could recover PeopleSoft data, the domain controller that is utilized to authenticate and authorize all users to PeopleSoft and other applications does not have a disaster recovery plan. The Emergency Contingency & Continuity of Operations Plan that was developed in 2008 is currently being updated. Additionally, the University uses several other IT applications that do not have formal disaster recovery plans and which could cause significant interruptions if not easily recoverable.

Data breaches and inadequate access controls continue to be a concern. A University-wide access security matrix is being implemented for management of access controls to the iRattler system that will allow supervisors to more accurately assign access to employees within their area of responsibility based on each employee's specific duties. The Federal Government recognized the cybersecurity threat and implemented new standards, including the National Institute of Science and Technology (NIST) framework. This framework requires all agencies to be complying to receive money from the Federal Government. Funding to implement these new standards must be secured to ensure the University is eligible to receive Federal funding.

Finally, online classes are in the early stages of development at the University. This is a potential revenue opportunity for the University, and it will be important to have the system infrastructure to be able to effectively offer courses via this platform. The University has migrated several IT systems (IRattler/PeopleSoft, Blackboard, email, legacy student system, and website infrastructure) to the cloud and other third party managed hosted systems.

Internal audit coverage – In process: Consulting on information technology cybersecurity gap analysis (2017-18); Review 3rd party contract management (2017-18); Review contracts with cloud service provider (2017-18); Information technology review automation/Use of PeopleSoft (2018-19); Information technology disaster recovery plan review (2018-19); Review physical controls over mobile data storage devices (2019-20); Review application program change controls (2019-20)

▶ **Construction Management**

The University currently has two active major construction projects – CASS (Center for Access and Student Success) and the P3 (Public Private Partnership). CASS is the first major project which will also include professional services and assistance from an external construction audit firm. Although a new procedures manual was developed for management of construction projects, the University's internal project and

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business team is in the process of identifying an outside consultant to review and revise the current Facilities Project Manual by the end of the year. In addition, there has been significant turnover in the Facilities Planning and Construction department.

Internal audit coverage – Construction management review (2017-18, 2018-19 and 2019-20); Review P3 process (2019-20)

▶ **Budgeting and Cash Management**

Declining enrollment, uncertainty around donations and state funding, and flattening of tuition increases have caused an uncertainty in the level of funding the University will receive in coming years. As such, participants noted that budget planning at the University has become a challenge. Having a solid budget process in place allows the University to more appropriately allocate resources. The University has revised its budget process to provide a structure to ensure that resources are allocated to those programs and activities that further the University's goals and priorities.

The University's cash reserves have decreased over the several years as operating revenues have declined and carry forward moneys have been used to fund ongoing operations, in some instances. The University has implemented an ongoing monitoring of cash balances to provide assurance that cash will be available to pay bills.

The University continues to collect cash at sites other than the central cashier's office. The decentralization of cash collections increases the risk of misappropriation of assets. Finally, risk assessment interviewees expressed concern that internal controls may need to be enhanced to ensure that principal investigators are appropriately monitoring and accurately reporting grant activity to reduce or eliminate the likelihood of returning unused funds to the grantor.

Internal audit coverage –Cash forecasting and budget review (2018-19); Decentralized cash collections (2018-19, 2019-20)

▶ **Regulatory and Compliance**
Although the University has established and is in the process of identifying a Chief External Compliance and Ethics officer, compliance officers for the various compliance activities continue to oversee compliance in their area of responsibility, such as NCAA, Title IX, Ethics, Research, Equal Employment Opportunity, ADA, Family Medical Leave Act, and SACS. The potential for noncompliance is increased without appropriate coordination and on-going oversight of the compliance activities. Additionally, prior year risk assessment interviewees and survey respondents indicated that additional FERPA and ADA laws training may be needed at the University. During 2016-17, training on labor laws was provided to increase awareness.

Internal audit coverage – Monitor strengthening of compliance function (2017-18); Band eligibility compliance review (2017-18, 2018-19, 2019-20); Implementation of NIST Standards (2018-19)

PROPOSED INTERNAL AUDIT PLAN						
Risk Category	Project Description	Risk Category/Risk Area	Covered in	Planned Coverage for Fiscal Year		
			2016-17	2017-18	2018-19	2019-20
Governance						
1.03	Leave Reporting Review	Control Environment	X	60		
1.03	Performance Based Funding Metrics	Control Environment/Internal Controls	X	1,350	X	X
1.01, 15.01	Assessing Ethics-Related Programs & Activities	Corporate Governance			X	
1.02	Review adequacy of risk management	Corporate Governance		750		
1.03, 1.05	Review Process for Adopting & Changing Policies	Internal Controls/Culture				X
Financial						
1.03, 17.02	Accounts Payable Review	Accounting and Reporting	X			
1.03	Decentralized Cash Collections	Accounting and Reporting	X			x
17.02	Review Selected Fiscal Operations in College of Education	Accounting and Reporting	X			
18.01	Cash Forecasting & Budget Review	Accounting and Reporting			X	
Compliance						
16.05	Rattler Boosters	Legal & Regulatory	X			
16.05	Audit Athletic Operations BOT 2005.18	Legal & Regulatory		300	X	X
8.05, 16.02	Implementation of NIST Standards	Legal & Regulatory			X	
Operational						
6.06	Financial Aid Process Review	Academic Operations	X			
6.06	Financial Aid Student Eligibility Review	Academic Operations				X
6.08	Band Eligibility Compliance Review	Academic Operations	X	100	X	X
7.02	Online Education & Support	Education Delivery			X	
12.04	IT Compliance with BOG Security Regulation	Information Technology	X			
12.02, 12.03, 12.04	IT – Review 3rd party Contract Management	Information Technology		800		
12.03, 12.04	IT - Disaster Recovery Plan Review	Information Technology			X	
8.05, 12.04	Cloud Service Provider Review	Information Technology		800		
12.01 12.03	IT - Review Automation/Use of PeopleSoft	Information Technology			X	

14.02	Review Write-off of Tangible Personal Property	Physical Assets	X			
14.03	Construction Management Review	Physical Assets	X	800	X	X
14.03	Review P3 Process	Physical Assets				X
6.08	SGA Expense Review	Student Support Services	X			
13.02	Review Title IX/Clery Act Reporting	Environmental Health & Safety	X			
6.05	Admission & enrollment	Academic Operations		800		
6.03	In Process: Assess Student Retention Programs	Academic Operations	X	350		X
6.03	Assess Student Recruiting Programs	Academic Operations			X	
12.04	Physical Controls Over Mobile Data Storage Devices	Information Technology				X
12.04	Application Program Change Controls	Information Technology				X
	Total Hours Audits & Assurance			6,110		
	Management Advisory Services					
16.05	Consulting on Athletics Compliance Review	Compliance/Legal & Regulatory	X	150		
1.03, 1.04	Training Assistance	Governance	X	100	X	X
12.01, 12.02, 12.03, 12.04	IT Cybersecurity Gap analysis	Information Technology	X	80		
1.03	Decentralized cash collections	Governance		150		
	Management Requests	Various	X	1,250	X	X
	Monitor Strengthening of Compliance Function	Legal and Regulatory	X	150		
	Total management services			1,880		
	Follow ups and Investigations					
	Follow up of Audit Findings		X	1,200	X	X
	Investigations		X	1,000	X	X
	Total Follow up and Investigation			2,200		
	Internal Audit Administration					
	Training			520		
	Administration			5,200		
	Leave			920		
	Total Internal Audit Administration			6,640		
	Total All Hours			16,830		

Risk Assessment Process

In preparation for the risk assessment interviews, the team researched FAMU and its industry risks by utilizing experiences from FAMU and other university internal audits. Based on the research performed, the team members discussed the views of risk facing FAMU, discussed changes in risks from the prior year, and reviewed a listing of projects performed by the Division during the year.

In prior years, the team solicited feedback on the relevant risk points and potential projects during the risk assessment interview process. The interviews are an integral part of the risk assessment process, as the Division brings internal audit experience and FAMU management expertise on the risks facing the University. To conduct the risk assessment process for the 2017-18 year, interviews were conducted with individuals concerning high risk areas.

In prior the year's risk assessment, we met with focus groups and distributed an automated risk assessment survey to the next level of FAMU administrators, soliciting their confidential input on risks facing the organization. The result of this process is a comprehensive view of the important risks at FAMU and an audit plan responsive to those risks.

The team also considered factors such as results of prior audits and investigations, cumulative knowledge obtained from several years of performing risk assessments, and documentation obtained from relevant analytical procedures.

Interviewee Listing

In conducting the 2017-18 University risk assessment, we interviewed 11 individuals across the organization in key financial, operational, strategic and compliance functions. Interviewees were asked to specifically consider and comment on the following items:

- ▶ The scope of their responsibilities
- ▶ Inherent risk in their functional area
- ▶ Their view of risks related to the processes in their area of responsibility
- ▶ Changes during the 2016-17 year that affected risks

Interview Listing

The following members of FAMU's Board of Trustees, Executive Staff, and other members of Administration were interviewed:

Name	Title
Trustee Kelvin Lawson	Chairman, Board of Trustees
Trustee Craig Reed	Chairman, Audit Committee, Board of Trustees
Larry Robinson	University President
Wanda Ford	Vice President for Finance and Administration/Chief Financial Officer
Rodner Wright	Provost & Vice President, Academic Affairs
Maurice Edington	Vice President Strategic Planning, Analysis, & Institutional Effectiveness
Milton Overton	Director of Athletics
Dr. William E. Hudson, Jr.	Vice President, Student Affairs
Ron Henry	Associate Vice President, Information Technology Services
Timothy Moore	Vice President, Research
Franzetta Fitz	Director Instructional Technology

In addition, the risk assessment was discussed with Senior Leadership Team members soliciting their input on risks facing the University and changes in risks from the prior year.

OVERVIEW

The Division of Audit & Compliance is charged with protecting the University by providing risk-based, objective and reliable assurance, consulting, and investigative services. We accomplish this by providing:

- Auditing and assurance services in which planned reviews are conducted;
- Follow up audits where processes and transactions are reviewed to determine if effective corrective measures have been implemented in response to audit findings;
- Consultation and advisory services which provide advice and information on internal controls, risk management, and business practices;
- Investigations in response to allegations of fraud and abuse, conflicts of interest, nepotism, and other matters in violation of state or federal regulations, university policy, or other guidance.

WORK ALLOCATION

The Division of Audit & Compliance's direct work time was allocated as follows during Fiscal Year 2016-17:

	2016-17	2015-16
Auditing and assurance	60%	43%
Follow up audits	10%	16%
Consultation and advisory services	11%	7%
Investigations	19%	34%

Projects are determined based on risks identified through an annual risk assessment; knowledge obtained from prior audits, investigations, and consultations; and management requests. Additional hours were spent in auditing and assurance services during 2016-17 to increase coverage in areas which were identified as high risk or of special concern. The total number of assurance reports increased by six during 2016-17 when compared with 2015-16. Although follow up audits were performed, the decrease in follow up audit hours resulted from the audit finding database having been established in the prior year. Investigative hours decreased through continuing efforts to prioritize work according to significance. Consequently, less hours were spent on investigations during 2016-17.

AUDITS AND ASSURANCE SERVICES

Audits are included on the Division's approved Audit Plan and result in a formal report which includes observations and corrective actions that were identified during the audit. Audits completed during 2016-17 are:

- Performance Based Funding;
- Decentralized Cash Collections – Athletics;
- IT Compliance with BOG Regulation;
- Construction Process for CASS Building Project;
- Review of Rattler Boosters Compliance with Selected Regulations;
- Financial Aid Process Review;
- SGA Expense Review;
- Review Title IX/Clery Act Reporting;
- Band Eligibility and Travel Review;
- Review of Tangible Personal Property Write-off;
- Review of Certain College of Education Fiscal Matters.

Audits in process at June 30, 2017 included:

- Review of Student Retention Programs;
- Review of Leave Payout Process.

The following audits were scheduled for 2016-17, but not completed.

- Cash Management Forecasting;
- Review of Process for Adopting and Changing Policies.

FOLLOW UP AUDITS

Follow up reviews are completed for any audit findings disclosed in assurance engagements and may be completed for other engagements, such as investigations, as deemed necessary. Our office has made continuous improvements to our follow up process during 2016-17. A database was established in the prior year to track the status of implementation of findings, including the expected implementation date of corrective actions. During 2016-17, correspondence was sent to the responsible employees to obtain an updated status for implementation of corrective action. Follow up reviews were completed for the decentralized cash collections audit and Information Security audits. Follow up work was in process for all other outstanding audit findings at June 30, 2017. Additionally, beginning in 2016-17, periodic reports were provided to the Audit Committee, President, and senior leadership team on the status of implementation of corrective actions.

CONSULTATIONS/ADVISORY SERVICES

The Division provides consulting and advisory services which are intended to provide advice and information on a wide variety of topics related to compliance, internal controls, and business practices. This includes reviewing current practices, researching and interpreting policies and procedures, and responding to routine inquiries. The Division also serves as liaison with the external auditors.

Major Consultations completed during 2016-17:

- Monitoring the BOG's adoption of audit-related Regulations;
- CAE Application;
- NIST Cybersecurity implementation project planning;
- Security plan development;
- PCI compliance;
- Other consultations on a variety of topics.

Consultations in process at June 30, 2017 included:

- National Center of Academic Excellence in Cyber Defense;
- IT Cybersecurity Gap Analysis.

INVESTIGATIONS

Investigations result from tips reported to our office through the University's hotline; correspondence provided direct to our office in the form of letters and memoranda, e-mails, and telephone calls; from the Board of Governors; the Governor's Inspector General; and other sources. During 2016-17, 51 cases were received, 8 investigative reports were issued, 10 complaints were referred to other departments for investigation, 18 were closed without investigation, and 15 are in process. Issues investigated included:

- Allegations concerning personal use of university property;
- Violations of various laws and university regulations, including unapproved outside employment, hiring practices, and purchasing irregularities;
- Failures to sign-out for leave;
- Unauthorized grade changes;
- Various issues related to grade grievances.

Several instances of violations laws and regulations and failure to follow internal controls were disclosed and improvements in internal controls were reported.

DISCLOSURES

The Division of Audit & Compliance adheres to the Standards of the Institute of Internal Auditors (IIA) and Government Auditing Standards. The following items are being disclosed in conformance with the *Standards*:

Organizational Independence

The Division of Audit and Compliance reports functionally to the Audit Committee of Florida Agricultural and Mechanical University Board of Trustees and administratively to the President. In keeping with the *Standards*, we maintain a strong working relationship with the Audit Committee. Consequently, the Vice President of Audit and Compliance presents results of audits and other office activities to the Audit Committee at their quarterly meetings. In addition, the Vice President of Audit and Compliance assists the Audit Committee in understanding their roles and responsibilities and keeps committee members apprised on emerging issues and best practices.

Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed. There were no impairments to independence or objectivity in fact or appearance during 2016-17.

Disclosure of Nonconformance

Occasionally circumstances require the completion of a project or engagement in a manner which is inconsistent with applicable *Standards*. During 2016-17, there were no instances in which projects were completed in a manner that did not comply with the *Standards*.

Resolution of Management's Acceptance of Risks

Each engagement can potentially produce items that may pose risks to university operations. Some items will require management's attention while others may be situations in which management decides to accept the risk associated with continuing the practice. We are required to disclose to senior management and the Board of Trustees any situation in which it is believed university personnel have accepted a level of residual risk that may not adequately reduce or mitigate the risk of loss. There were no such instances during Fiscal Year 2016-17.

Quality Assurance Review

In order to fully comply with the Standards, our office is required to undergo a quality assurance review every three years. In February 2017, an external professional services CPA firm completed a quality assurance review of our office for activities conducted during the 2015-16 year. The review concluded we were operating in general conformance with professional standards (the highest rating). As part of

our quality assurance improvement program, we complete self-assessments each year. Our next external quality assurance review is scheduled to occur by the end of 2019.

PROFESSIONAL ACTIVITIES:

Division of Audit and Compliance staff maintains active memberships and attends continuing educational seminars in the following professional associations:

- Association of College and University Auditors (ACUA) – Institutional member;
- Institute of Internal Auditors (IIA) – National and local chapter member;
- Information Systems Audit and Control Association (ISACA) – National and local member;
- Association of Inspector General (AIG) – National and local member;
- Association of Certified Fraud Examiners (ACFE) – Local chapter member;
- Association of Government Accountants (AGA) – National and local chapter member;
- National Association of Construction Auditors (NACA) – National member.

Staff also serve in leadership roles in the ISACA and IIA professional organizations.

STAFF

The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, Section 1230, states that "Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development." The Division of Audit and Compliance places a premium on quality continuing professional education and takes advantage of other relevant training opportunities through participation in our local IIA, AGA, ACFE, AIG and ISACA chapter seminars, and promotes attendance to conferences sponsored by professional organizations such as ACUA, AICPA, as well as other entities. During 2016-17 all Division of Audit and Compliance staff members attended various trainings and obtained continuing professional education hours.

NAME	CERTIFICATIONS[i]	YEARS OF EXPERIENCE
Richard E. Givens	CPA, CGFM	43
Debra Barrington	–	26
James Hakemoller	CIA, CFS, CGAP	41
Jessica Hughes	CCA	14
Ruoxu Li	CIA, CISA	10
Deidre Melton	CISA, CRISC, CISM	14
Alan Sands	CPA	41
Carl E. Threatt Jr.[ii]	CIA, CRMA, CIGA, CIGI	25

Our audit staff currently possess specializations in accounting, fraud auditing, risk, information technology, construction, and financial management.   A staff member is also Lean Six Sigma Process Improvement Green Belt certified. In addition our administrative assistant is a Florida Notary Public. The specializations and training provides our office with the unique ability to provide a dynamic range of services and expertise to the University community. Our goal is to continuously increase the knowledge and competency of our staff through training and specialty certifications. During 2016-17, the following staff met the requirements for certifications:

NAME	CERTIFICATION OBTAINED IN 2016-17	CERTIFYING BOARD ISSUING CERTIFICATION
Deidre Melton	CISM	ISACA
Carl E. Threatt Jr.	CIGI	AIG

[i] Certified Public Accountant (CPA); Certified Government Financial Manager (CGFM); Certified Internal Auditor (CIA); Certified Fraud Specialist (CFS); Certified Government Auditing Professional (CGAP); Certified Construction Auditor (CCA); Certified Information Systems Auditor (CISA); Certified in Risk and Systems Control (CRISC); Certification in Risk Management Assurance (CRMA); Certified Inspector General Auditor (CIGA); Certified Information Security Manager (CISM); and Certified Inspector General Investigator (CIGI)
[ii] Lean Six Sigma Process Improvement Green Belt Certified