Audit and Compliance Committee Meeting

FAMU [FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY]

June 2, 2021

Action Items

AACC Meeting Minutes: March 3, 2021

Compliance & Ethics Program Review

Financial Conflicts of Interest Policy

Annual Division of Audit Work Plan

Fraud Regulation

External Program Review

STATE UNIVERSITY SYSTEM OF FLORIDA
Regulation 4.003(7)(c)

HURON
External Assessor

Generally Conforms (GC)

Relevant structures, policies, and procedures of the activity, as well as the process by which they are applied, comply with BOG Reg. 4.003 in all material aspects.

"Within a few short years, the Program has successfully built and established all the elements of an effective compliance program."

130+ Documents Reviewed

27 Interviews Conducted

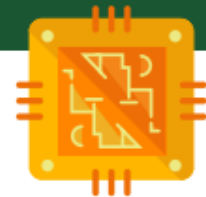**55+** Points of Evaluation

Focus Areas Ahead

Resources
The program must have appropriate resources to scale up the program to increase monitoring coverage and outreach.

Policy Centralization
Coordinate with appropriate offices to update and centralize polices and regulations for ease of use and access.

Technology
Leverage technology to maintain a web presence and support auditing and monitoring functions, data analytics and comprehensive compliance case management.

External Program Review Observations

Governance & High-Level Oversight

- CCEO has open lines of communication
- ECC serve as effective compliance partners
- Program Strategic Partnership with Faculty Senate increase culture of compliance
- Additional Program resources needed

Polices & standards of Conduct

- All elements of an effective compliance program are in place
- Guidance in place to promote ethical and compliant conduct
- Program related policies and procedures have been developed
- Need for central repository

Open Communication & Reporting

- Reputation of openness and accessibility
- Innovative ways to engage FAMU community
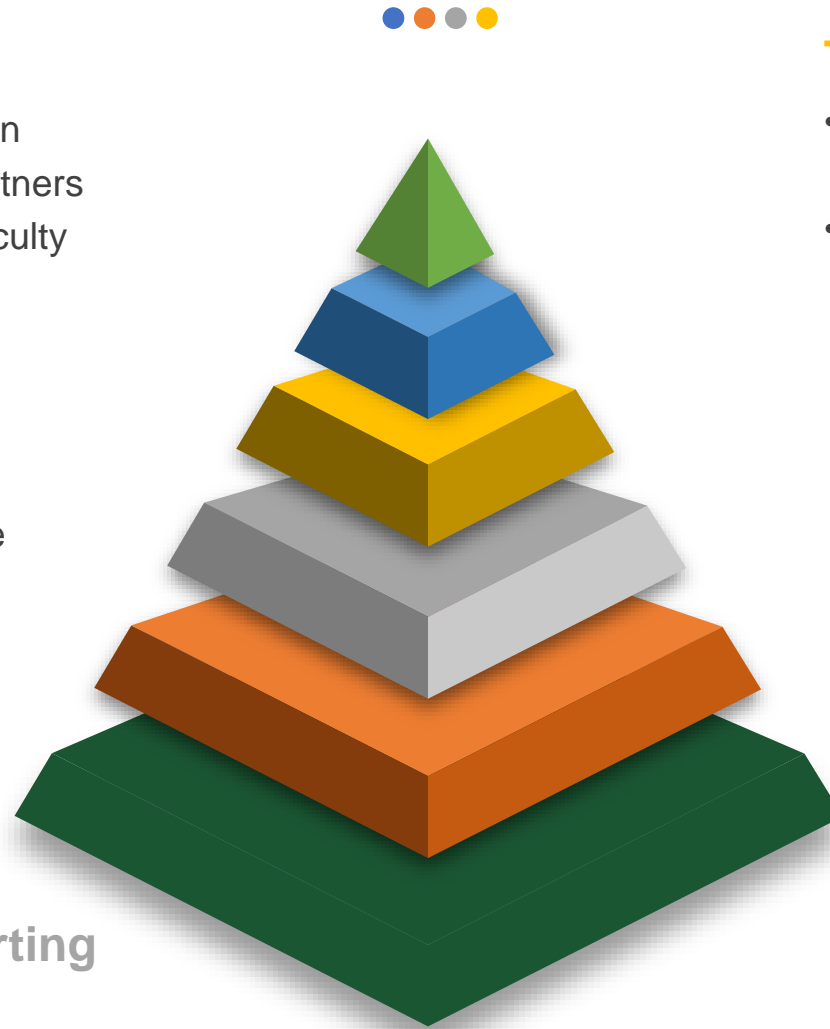
Training & Education

- Consistent cadence to annual mandatory training
- BOT members are engaged but require further clarity on Program scope and responsibilities

Auditing & Monitoring

- Good rapport and working relationship with the Division of Audit
- ECC working groups review identified compliance items and determine priority

Enforcing Standards & Addressing Known Issues

- Top-down approach when establishing culture of compliance
- Appropriate policies and processes in place
- Employee enforcement actions are inconsistently applied

# External Program Review Recommendations

Resources

Invest additional resources to support the Program in executing its programmatic responsibility

Central Repository

Centralize the storage and accessibility of all Program policies, procedures, codes of conduct, and other relevant regulatory documents on an intranet site accessible to the FAMU community
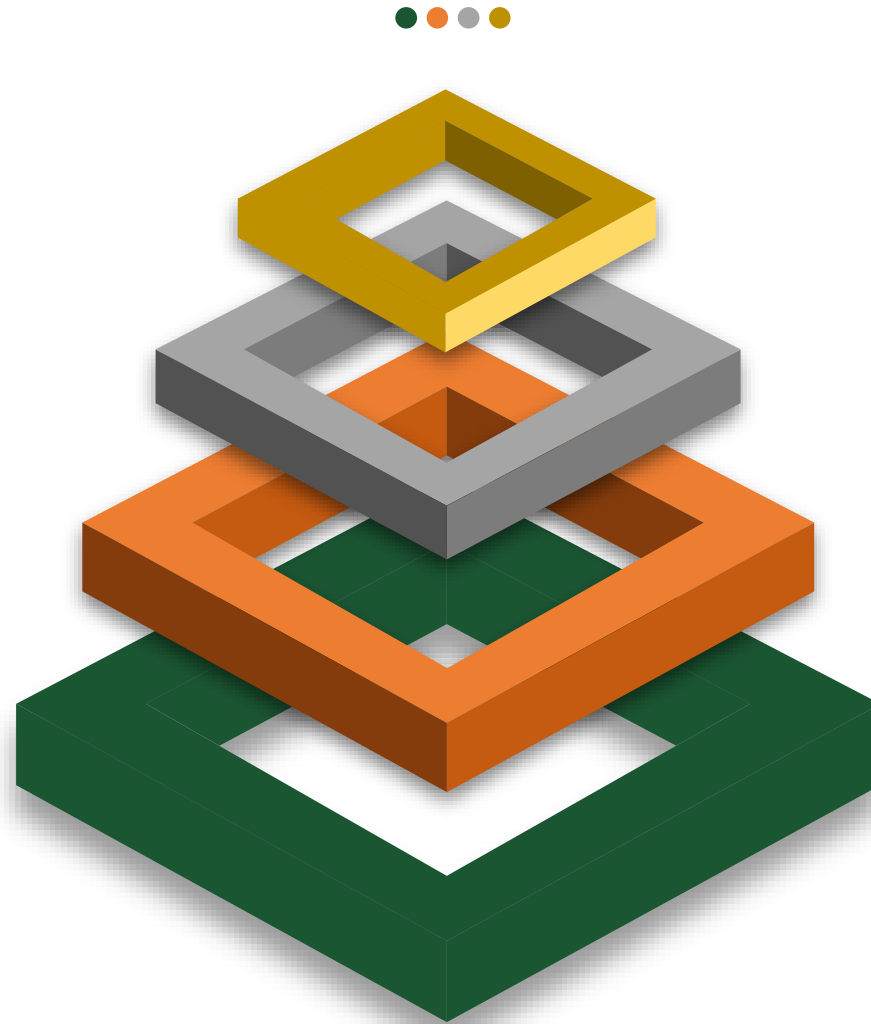
Compliance Training

Develop and implement subject-matter focused compliance training for identified stakeholders

BOT Training
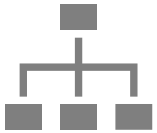
Provide the Board of Trustees with supplemental trainings to clarify and outline the scope of the Program

External Program Review Recommendations

Risk Owner Processes

Continue establishing processes to provide guidance for risk owners to approach and manage risk within their areas

Risk Owner Roles & Responsibilities

Continue establishing clear roles and responsibilities for identified risk owners to create accountability for investigating and monitoring compliance within their areas
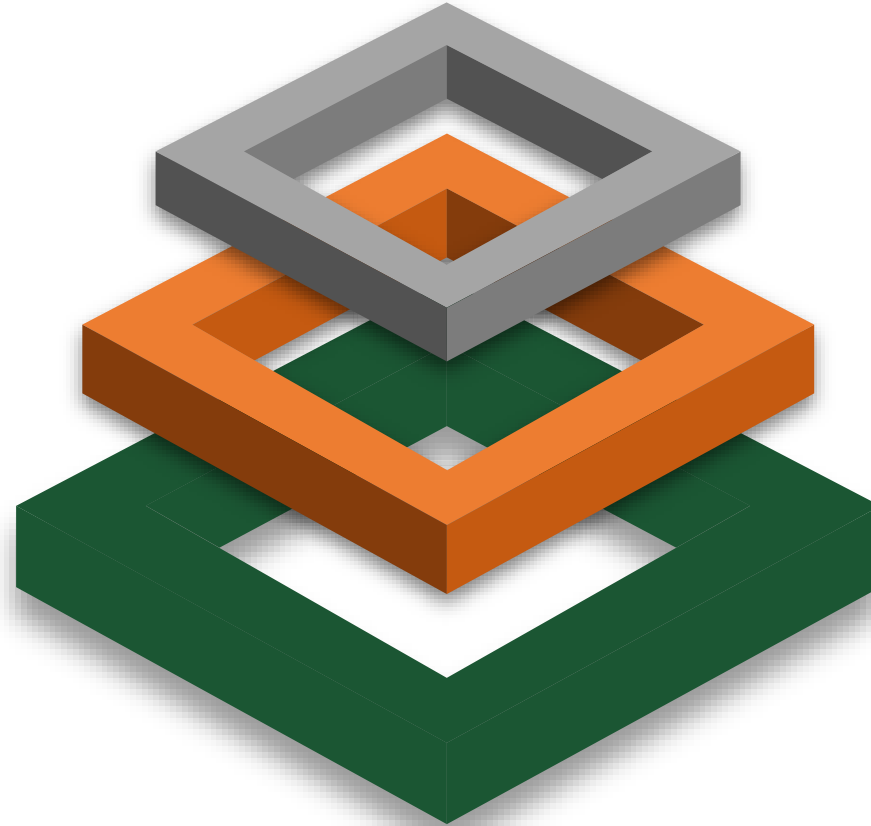
Enforcement

Develop policy and procedures to coordinate, streamline, and standardize employee enforcement actions processes based on employee type

BOT Policy No. 2005-14 Revision
Financial and Other Conflicts of Interest and Commitment Governing Research

OFFICE OF COMPLIANCE AND ETHICS

Research Security

Reporting Outside Activities

Financial Interests

Other Potential Conflicts

ECC: Research and Academic Affairs Working Group

F.S. 1012.977

CS/HB 7017

Inquiry Process

Annual Disclosure

60-Day Suspension Without Pay

DIVISION OF AUDIT

Assurance Services

7 Projects Totaling 2,640 Hours

Performance Based Funding Data Integrity Audit, Knight Foundation Expenditure Review, Auxiliary Transfer Review, CRRSA Funding, American Rescue Plan Funding, College of Agriculture and Food Sciences, FAMU Foundation

Continuous Monitoring

4 Projects Totaling 1,840 Hours

Foreign Influence, Construction, Purchase Cards, NIST800-171/ NIST800-53 Implementation

Advisory Services

8 Projects Totaling 3,440 Hours

Title IX Review, Remote Working (IT), Athletic Budget Process, Internal Controls Assurance Statement, Procurement Services, Controller's Office, Management Requests, Training

Follow-up, Investigations, & Risk Assessments

6 Focus Areas Totaling 2,240 Hours

External Audits & Programs, Follow-Up (Audits, Investigations, & Advisory), Investigations (Whistleblower, Fraud, Waste, Abuse), Division of Audit Risk Assessment, Fraud Risk Management Framework, 2022-2023 Annual Work Plan

Annual Work Plan (14,560 Hours)

Taskforces and Committees

6 Taskforces and Committees Totaling 300 Hours

Enterprise Compliance Committee, Information Technology Governance Committee, Diversity & Inclusion Council, Emergency Management Team, State University System IT Audit Group, State University Audit Council
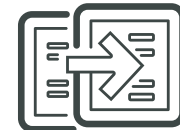
Internal Audit Administration

5 Focus Areas Totaling 4,100 Hours

Professional Development, Division Administrative Projects, External Audit Coordination, Quality Assurance Review, General Admin, Leave

FAMU FRAUD REGULATION

Florida Board of Governors

6.0053–Fraud Detection and Protection became effective 3-23-2021

FAMU Fraud Regulation

Supports the BOT Fraud Policy passed in December 2020 and establishes fraud risk management strategies

FAMU Regulation Highlights

Anti-Fraud Framework, Responsibilities, Reporting, Rights and Protections of Reporting Individual, Alert Process, and Employee Actions

FLORIDA A&M UNIVERSITY
OFFICE OF COMPLIANCE AND ETHICS

Training: FAMU Fundamentals

Training: BOT Governance Series

Program Highlights

FAMU Fundamentals

OFFICE OF COMPLIANCE AND ETHICS

Category	Value
Cybersecurity	2,034
Sexual Harassment Prev.	2,035
Clery	2,030
Code, Openness, Fraud	2,009
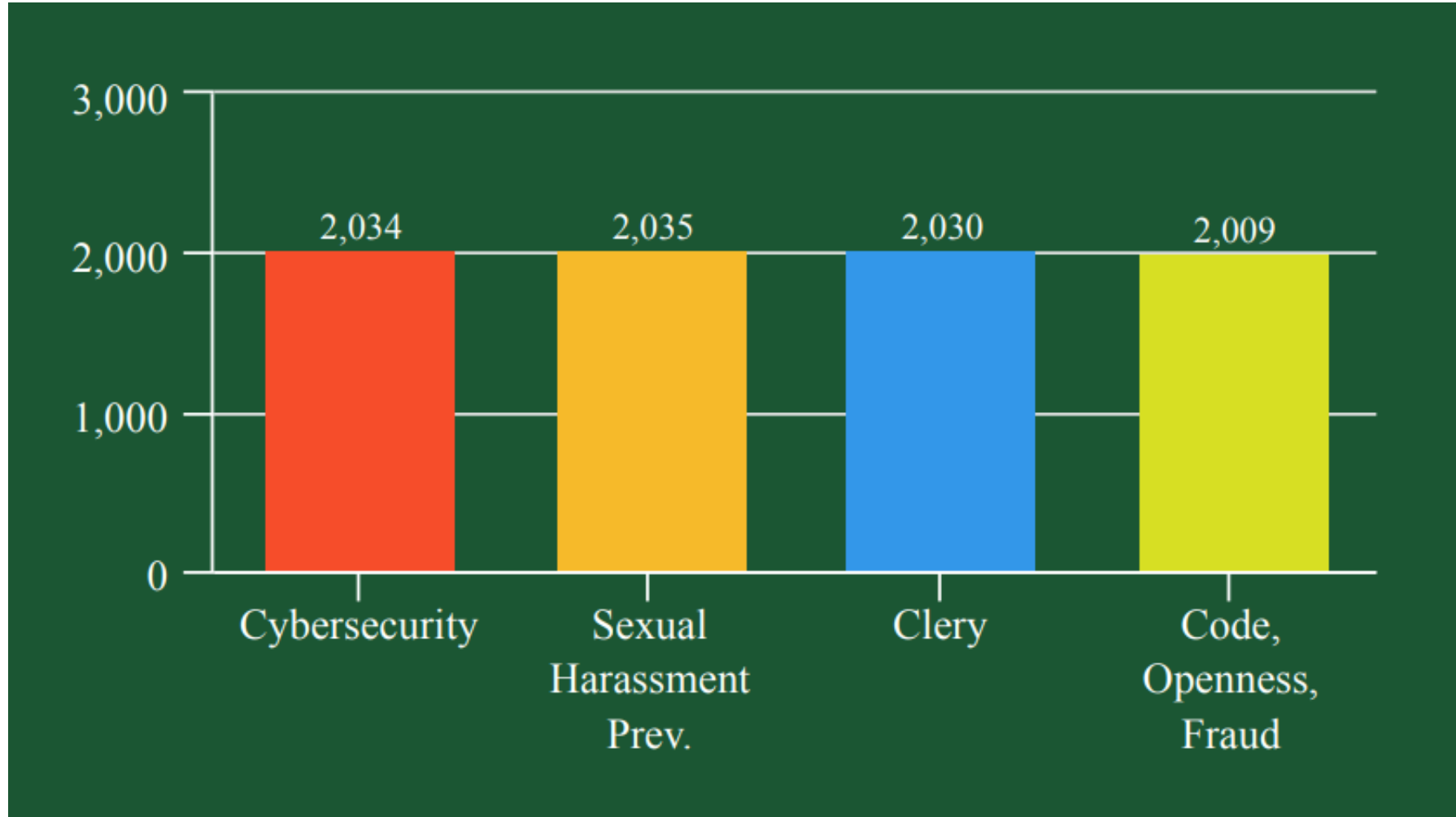
March 1st – 31st

2,584 Audience
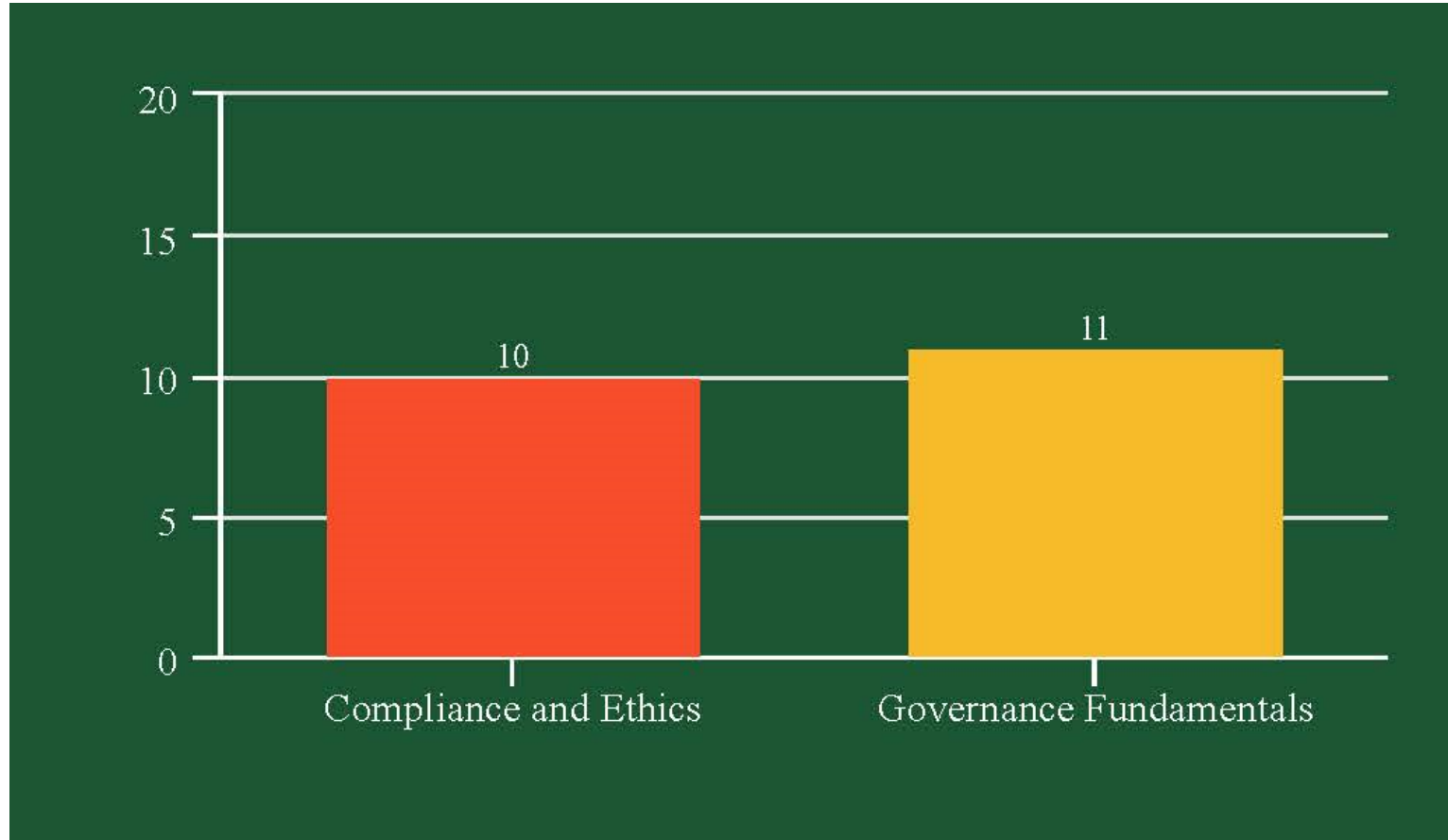
FLORIDA A&M UNIVERSITY
FAMU OFFICE OF COMPLIANCE AND ETHICS

What's Next?
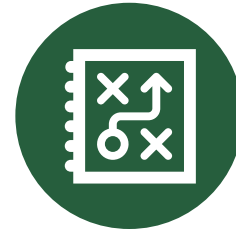
PLAN REVIEW AND DEVELOPMENT – YEARS 4-7

Capitalize on feedback from Huron Consulting Group and internal stakeholders (August 2021)

COMPLIANCE COORDINATOR FOR RESEARCH

Identify a candidate to fill vacancy. This position coordinates with research compliance partners (August 2021)

COMPLIANCE AND ETHICS CULTURE SURVEY

Finalize and administer survey (September 2021)

OFFICE RELOCATION

Prepare for relocation from the Journalism Building to Foote-Hilyer (Tentatively scheduled for September 2021)

FAMU

FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Risk Assessment

Audit Follow-Up

Investigative Follow-Up

Internal Controls Assurance Statement

Audit Awareness Month

Division of Audit: What's Next?

Risk Assessment

Risk Area	2018-2019 Risk Level	2019-2020 Risk Level	2020-2021 Risk Level
ASSET AND RISK MANAGEMENT			
Emergency Preparedness	Moderate & Rising	Moderate & Rising	Moderate & Rising
Endowment & Development	Moderate	Moderate & Rising	Moderate
Environmental Health & Safety	High	High	High
Insurance	2021 New Risk Area	2021 New Risk Area	Moderate
AUXILIARY AND SERVICE DEPARTMENTS			
Athletics	High & Rising	High & Rising	High
Auxiliary Enterprise Administration	Low	Low	Low & Rising
Bookstore	Low	Low & Rising	Moderate
Child Development Center	2021 New Risk Area	2021 New Risk Area	Moderate
Housing	Moderate	Moderate	Moderate
Police	Moderate	High	High
Recreation & Athletic Centers	Moderate	Moderate	Moderate
Service Centers Auxiliary	Moderate	Low	Low
Special Events Center	Moderate	Moderate	Moderate

Leadership and Governance

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

Inadequate staffing levels within General Counsel Office to diligently update policies and procedures and efficiently address EEO, public record and risk management issues

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

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

Need to implement an Enterprise Risk Management function as called for by Board of Trustee policy

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

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

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

Heat Map

- **ACUA Risk Dictionary – 136 risk categories**
- **Three Year Changing Risks FY 18-19 to FY20-21**

Risk Themes

- **Impacts to Strategic and Business Goals**
- **Opportunities**
- **13 Risk Themes**
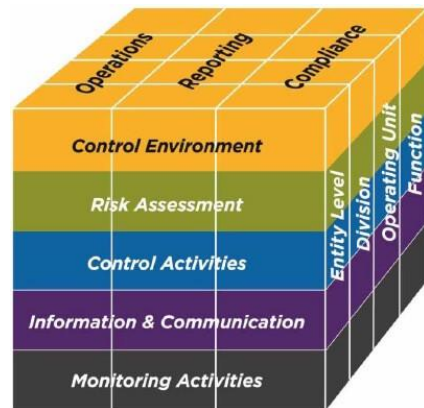
Risk Assessment Recommendations

Utilizing the risk themes communicated in the report, in conjunction with the President's *Internal Control Assurance Statement* identified opportunities for improvement, to develop management action plans

Implementing a comprehensive Enterprise Risk Management program called for by the Board of Trustees

Continuing efforts to implement the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Controls – Integrated Framework

Building upon the University's successful implementation of an effective Compliance and Ethics program – Implementing recommendations from Huron

Risk Assessment Recommendations

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

Implementing the new fraud regulation called for by the Board of Governors

Continuing to cultivate a culture of transparency and accountability

Continuing efforts to align resource allocation with strategic priorities

Audit Follow-up: Open Issues

DIVISION OF AUDIT

OPEN – Low Risk

01

Policy Standards are in Development
Anticipated Completion July 2021

2019 Crowe Report: Information Security Policies and Procedures

1

OPEN – High Risk

02

Balanced Budget – FY 2019, 2020
Repayment Plan Extended Through 2045
Oversight: BOT, BOG, and Management

2018 Operational Audit: Intercollegiate Athletics Programs – Deficit Cash Balances

2

OPEN – Medium Risk

03

Phase 1: Renovations have started
Certified: Press Box & Seating for 2021

2018-19 Risk Assessment: Bragg Stadium Safety and Maintenance

3

OPEN – High Risk

04

Hiring: Emergency Management Director
Anticipated Candidate Selection: July 2021

2018-19 Risk Assessment – Emergency Preparedness

4

FAMU [DIVISION OF AUDIT] Investigation Recommendations Status

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY

Report #19-08-002

Report #2020-11-05

Report #2021-02-19

Issue: Improper use of P-card

Recommendation: P-Card and travel expense training for CAFS staff.

CLOSED

Issue: Direct charging of an administrative position to federal grants

Recommendation: Work with the federal funder to determine if monies used for the position should be repaid.

OPEN

Issue: Allocation of administrative salaries to funding sources

Recommendation: Ensure all other administrative positions in CAFS are funded by appropriate sources.

OPEN

Issue: Telecommuting policy applicability

Recommendation: Consider revising the applicability of the policy to include non-teaching faculty.
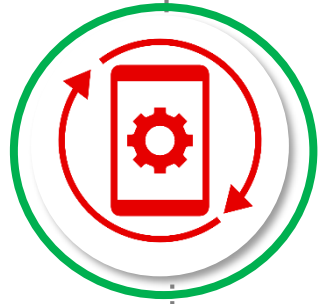
OPEN

Issue: Compliance with mandatory COVID-19 training

Recommendation: Follow-up with CAFS to ensure staff have completed the required training.

OPEN

Issue: Outside employment and undisclosed conflict of interest

Recommendation: Consider automating the conflict of interest disclosure process.

OPEN

Internal Control Assurance Statement

(BOT Policy 2019-01)

Internal Controls Training
8/2020 – 2/2021

Mandatory I/C training was provided to management, faculty, and staff

Assessment Training
11/2020 – 2/2021

I/C Assessment training was provided as part of Assessment Day and to individual divisions

Department Assessments
11/2020 – 2/2021

Each department completed a control assessment and submit to their Vice President

Division Assessments
3/2021 – 4/2021

Each division Vice President completed the division control assessment & action plan

Assurance Statement
5/2021

The President developed the University Assurance Statement

CONTROL ENVIRONMENT

UNIVERSITY CODE OF CONDUCT
The University Code of Conduct (BOT Regulation 1.019), was updated in February 2020.

POLICY FRAMEWORK
The policy structure and processes need to be improved to ensure policies are reflective of compliance requirements, management direction, and current practices.
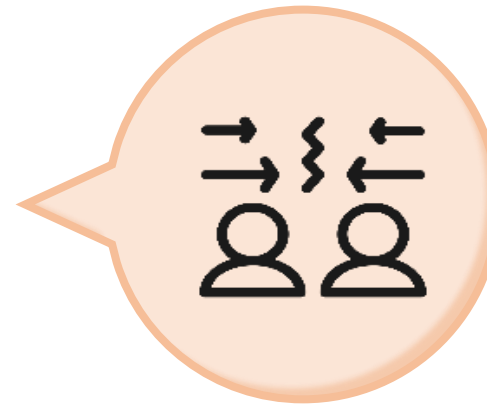
Strengths

Opportunities

TRAINING
The University has a strong focus on training to communicate requirements and expectations.

INDEPENDENCE
Continued diligence with maintaining board of trustee member independence, as emphasized in the Southern Association of Colleges and Schools Commission on Colleges, Section 4.2 Governing Board.

TONE-AT-THE-TOP
The President sets a strong tone at the top for ethical and honest conduct.

SUCCESSION PLANNING
Continued focus should be placed on fully implementing the succession planning program for the University.
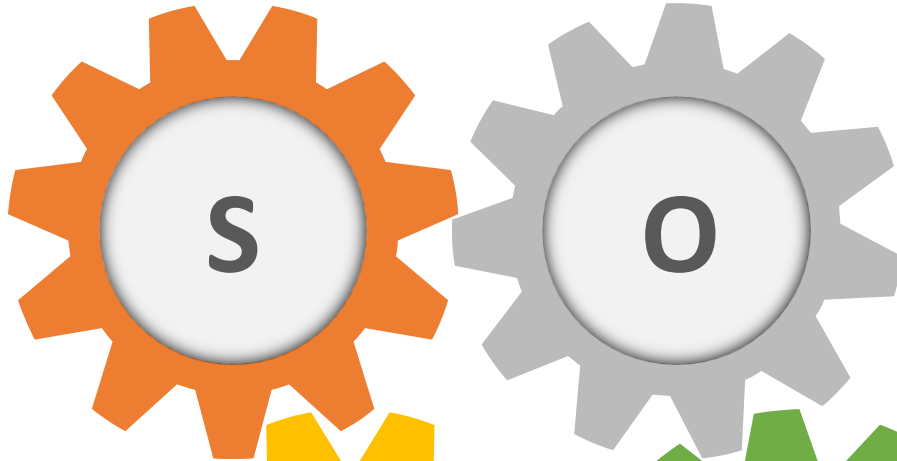
RISK ASSESSMENT

RISK ASSESSMENT
The University conducts enterprise-wide risk assessments using three functions.
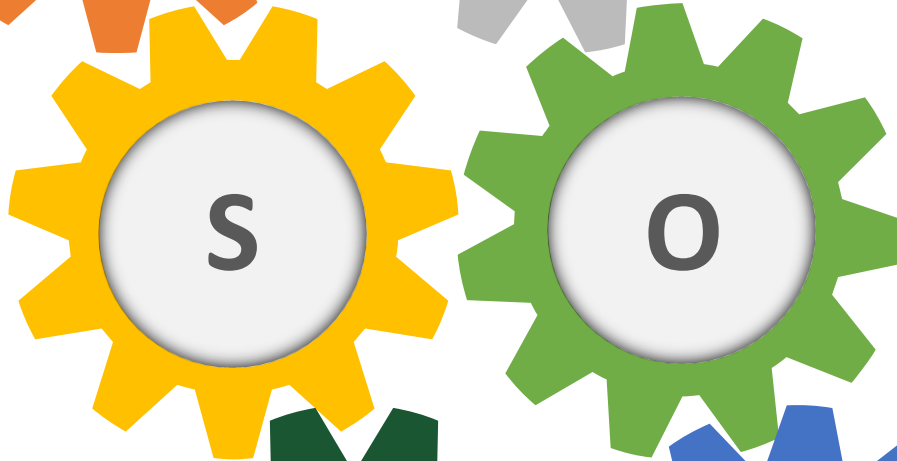
RISK TOLERANCE
In collaboration with senior management, the University Board of Trustees should establish a risk tolerance statement.

LEADERSHIP
The University's senior leadership team meets as a group weekly to discuss operations and areas of risk throughout the University.
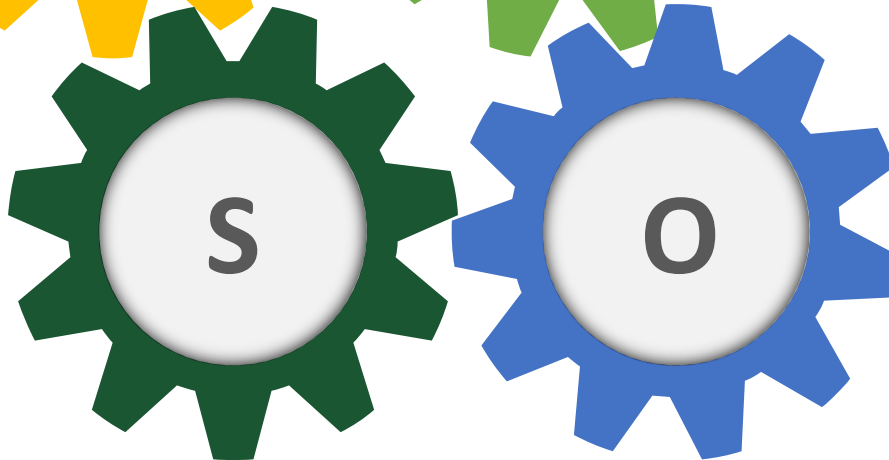
ERM FUNCTION
The University should continue with its plans to implement an enterprise risk management function in adherence with BOT Policy 2019-01.

POLICY
In December 2019, Board of Trustees (BOT) adopted Policy 2019-01 Internal Controls and Enterprise Risk Management.

STRATEGIC PLANNING
Management should consider integrating risk identification into the strategic planning process for the strategic plan currently in development.

CONTROL ACTIVITIES

STRENGTHS

Management Assessment

Management considered the regulatory environment, complexity of the higher education industry, and scope of University operations, and our mission to select and develop control activities.

Separation of Duties

In University areas where staffing is lean, management actively assesses for proper segregation of incompatible duties, and where such segregation is not practical management selects and develops alternative control activities.

Investigations

The Division of Audit, Office of Compliance and Ethics, Office of Equal Opportunity Programs, and Ombudsman, receives, triages, refers and/or investigates complaints.

OPPORTUNITIES

IT Policies and Procedures

The University should continue building out a comprehensive set of policies and procedures to guide the development and communication of standard IT procedures and technology general controls.

Process Assessment

Management should perform an entity-wide assessment to understand and determine the dependency and linkage between business processes, automated control activities within PeopleSoft, and technology general controls.

Benchmarking

All divisions, colleges, and schools should perform formal best practices and benchmarking assessments to inform needed changes within policies, procedures, and practices.

INFORMATION & COMMUNICATIONS

Constituents
External constituents receive relevant information about matters impacting the University.

Students and Families
Communications with students and families are made using a variety of platforms including FAMU email, iStrike, Blackboard, social media platforms, and listservs.

Leadership
The President and his Senior Leadership Team meets weekly to communicate information and actions throughout the University.

Automation
Further automation of processes would increase the timeliness, relevancy, and quality of information available for use and decision making.

Performance
Enhance performance monitoring and evaluation within academic areas for administration, faculty, and students.

Faculty and Staff
Improvements could be made to increase informal and formal communication of strategy, expectations, and information impacting business and academic operations to faculty and staff at the director/chair level and below.

STRENGTHS

OPPORTUNITIES

MONITORING ACTIVITIES

Timely Correction

Internal control deficiencies are reviewed with leadership and/or during staff consultations for timely correction.

Evaluation Feedback

Information and communication systems are monitored and periodically evaluated, but the information from this monitoring is not used to timely update noted deficiencies .

Spot Checks

Management periodically spots check records to ensure expectations are met.

Annual Area Assessment

All divisions, colleges, and schools completed annual assessments that are monitored for continuous improvement opportunities.

Annual Assurance Statement

University Policy UP-01-02: Internal Controls and Enterprise Risk Management, requires the University to annually provide to the BOT an assurance statement.

Management Monitoring

Improvement is needed to management's monitoring of the control environment by enhancing static, periodic monitoring with continuous

STRENGTHS

OPPORTUNITIES

INTERNAL AUDIT AWARENESS MONTH
MAY 2021

Fraud, Risk, and Controls
Virtual Town Hall
May 6, 2021

Phishing Campaign
During May, Information Technology Services and the Division of Audit conducted a Phishing Campaign. Result will be announce June 11th!

Scavenger Hunt:
Audit Awareness
Prizes: Amazon Gift Cards
1st Place $40: Dr. Samique March-Dallas
2nd Place $25: Bobby Lolley
3rd Place $10: Dr. Briana Journee

The Audit Report
Inaugural DoA Newsletter
Publication Released:
May 21, 2021

Meet the Auditors
Experience, Specialties, and Fun Facts!
Publication Released:
May 28, 2021

NEWS blog

FAMU
FLORIDA A&M UNIVERSITY
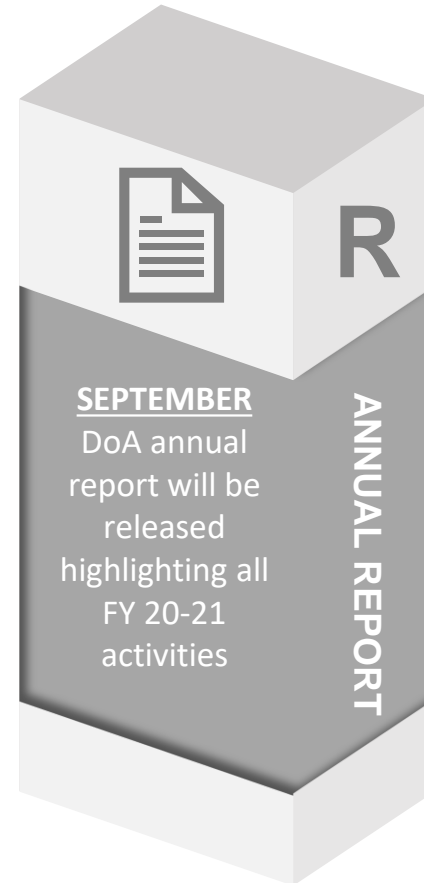DIVISION OF AUDIT

Division of Audit: What's Next?

DIVISION OF AUDIT

O — OFFICE MOVE
AUGUST
DoA is moving to the ground floor of Foote-Hilyer

R — ANNUAL REPORT
SEPTEMBER
DoA annual report will be released highlighting all FY 20-21 activities

T — TRAINING
SEPTEMBER
DoA will be offering customized internal controls training for academic and administrative functions

Q — QAIP
August – September
DoA will be conducting a quality assurance and improvement self-assessment

N — NEWSLETTER
September
DoA will release the 2nd Edition of *"The Audit Report"*

Questions & Answers