



Florida A&M University

Internal Audit project support

May-June 2012

Dr. Solomon L. Badger, III
Chair, Florida A&M University Board of Trustees

Karl E. White
Chair, Audit Committee of Florida A&M University Board of Trustees

Gentlemen:

We have completed our procedures with respect to Internal Audit Project Support at Florida A&M University (FAMU or the University). The procedures covered the period of July 1, 2010 through June 30, 2011, and fieldwork was conducted during May-June 2012. Our procedures were performed in accordance with our statement of work dated April 23, 2012, and as further defined in the accompanying report.

Our work has been limited in scope and time, and we stress more detailed procedures may reveal issues this engagement has not. Management is responsible for designing, implementing, monitoring, and asserting to the adequacy of the operations within the processes noted in this report. Ernst & Young was responsible for testing specific processes as outlined in the report. Ernst & Young's procedures were not intended to and did not constitute an examination in accordance with auditing standards generally accepted in the United States. For this reason, Ernst & Young is unable to express and does not express, any opinion on the financial statements or internal controls of FAMU or the processes noted in this report. Ernst & Young's report relates only to the items referred above and does not extend to any financial statements of FAMU.

We value the opportunity to work with FAMU and appreciate the cooperation and assistance provided to us during the course of our work. We would be pleased to discuss any aspect of our procedures or this report with you or other members of management at your convenience. If you have any questions, please call Kristen Speyrer at +1 (404) 817-5789 or AJ Desai at +1 (704) 331-1983.

This report is intended solely for the information and use of management and the Board of Trustees of FAMU and is not intended to be and should not be used by anyone other than these specified parties. Ernst & Young therefore assumes no responsibility to any user of the report other than these specified parties.

Sincerely,

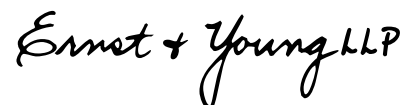
A handwritten signature in cursive script that reads 'Ernst & Young LLP'.

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Executive summary

Objectives & scope

Our objectives were to perform specific testing procedures and report findings on the previously identified processes as defined in the Invitation to Negotiate (ITN) dated February 6, 2012. The scope of the procedures for each project was outlined in the ITN, and the following projects were covered:

- Bank reconciliations
- Revenue collections from football games
- Revenue from classics and guarantee contracts
- Technology fees
- Textbook affordability
- Sub-recipient monitoring
- Contracts and grants expenditures
- Insurance coverage on buildings

Additionally, our scope included an assessment of certain investigations to understand the procedures performed and to assess if the investigations were performed objectively.

The procedures covered the period July 1, 2010 - June 30, 2011, and included conducting interviews with University personnel, reviewing documents and supporting information, and performing certain testing procedures. Interviews were conducted with individuals in the Controller's office, Division of Sponsored Programs, Athletic Department, Bookstore, Cashier's Office and Environmental Health & Safety Department. We did not test the accuracy of reports or information provided to us by University personnel and used for our testing and reference purposes.

High-level themes

As a result of our procedures, the following overall themes to improve processes and controls were noted:

- Policies and Procedures:
 - For several areas across functions, it was noted either no policies/ procedures were in place, policies/procedures were outdated, or current policies/procedures were not enforced
 - Lack of clearly defined policies/procedures resulted in inconsistent processes and unclear roles/responsibilities within and across functions
 - Lack of reconciliations noted in certain areas could be addressed with clearly defined policies and procedures.
- Maintenance of Documentation:
 - Several instances were noted where documentation was not maintained or was insufficient to support processes and/or account balances
- Segregation of Duties:
 - Certain areas in cash handling functions where lack of segregation of duties exist between cash receipt, deposit and reconciliation

Observations and recommendations

Bank Reconciliations

FAMU maintains three bank accounts for which reconciliations are to be performed monthly, as follows: Operating Account, Student Account, and Payroll Account. We obtained bank reconciliations for each month during the scope period and tested the reconciliations for accurate and timely preparation, completeness of supporting documentation, and timely resolution of outstanding reconciling items. As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Bank Reconciliation policies & procedures

FAMU Bank Reconciliation procedures were updated in February 2011; however, the following are specific areas where the procedures can be strengthened:

- ▶ The procedures do not define timely preparation and review of reconciliations.
- ▶ The procedures state that "aged" checks should be moved into a stale dated checks account; however, the procedures do not define "aged." We did note that the procedures reference escheat laws and specify funds held in excess of three years are transferred to the State.

Additionally, having one Bank Reconciliation policy document to serve as an overarching guide to procedures documents would further enhance the process.

Recommendation

Management should update the Bank Reconciliation policies and procedures to provide for the following: roles and responsibilities and expected timelines for completion and review; period of time by which disbursements are considered aged; the handling of outstanding checks and deposits; etc.

Bank Reconciliations

2. Bank Reconciliation timely preparation & approval

Monthly bank reconciliations are not completed in a timely manner. Of the 12 reconciliations examined, only 6 (50%) evidenced preparation and review dates.

Where the preparation and review were evidenced, we noted the following days between month-end and the preparation/review of the reconciliation:

Month	Days Elapsed		
	Period end & preparation	Preparation & review	Total days
July 2010	54	9	63
August 2010	30	20	50
September 2010	35	11	46
October 2010	37	10	47
November 2010	38	6	44
December 2010	28	8	36
June 2011	56	5	61

Preparation and approval dates were not evidenced for the January 2011 through May 2011 reconciliations.

Recommendation

Bank reconciliations should be prepared and reviewed in a timely manner and as a component of the monthly closing process. Bank reconciliations are typically completed within one to two weeks of accounting close.

A feasibility study around automating the bank reconciliation process was conducted during FY2011, but the effort was deferred due to staffing limitations. Renewed focus should be given to an automated bank reconciliation process through PeopleSoft to assist in timeliness of reconciliations and reduction of manual effort needed to complete.

Bank Reconciliations

3. Timely clearing of outstanding checks

For the period June 2010 - July 2011, we noted outstanding checks aged in excess of 365 days in each month, with the oldest check aged 891 days (~2.5 years) from the Student Account totaling approximately \$1,700.

We analyzed the outstanding check listing attached to each month's reconciliations and noted the following checks per month that were aged greater than 90 days:

Account	Average checks per month aged >90 days	90-179	180-364	>365
Operating	88	39	36	13
Student	211	36	44	131
Payroll	41	4	7	30

As of August 2011 (after our testing period), management established documented procedures for the handling of stale checks for student funds provided through Federal Aid, including the age at which outstanding disbursements are considered "stale" based on Title IV regulations. Procedures for the handling of other aged, outstanding checks had not been established.

Recommendation

Beginning in February 2011, management instituted a process whereby all outstanding, reconciling items were catalogued on a spreadsheet and weekly meetings were held to discuss, research and resolve these outstanding items, including outstanding disbursements. Per management, these in-person meetings to resolve outstanding reconciling items were discontinued after August 2011.

Management should re-institute a process to catalogue, discuss and resolve outstanding checks at least monthly. Procedures for the handling of outstanding disbursements should be developed and should reflect escheat laws for the State of Florida and other applicable regulations.

Bank Reconciliations

4. Bank deposits outstanding greater than 30 days
FAMU Bank Reconciliation procedures state deposits should not be outstanding greater than 30 days. We identified two occurrences of deposits outstanding greater than 30 days: <ul style="list-style-type: none">▶ July 2010: 1 deposit for \$254.80 aged 54 days▶ September 2010: 1 deposit for \$5548.48 aged 93 days (since July 2010 reconciliation)
Recommendation
As noted above, beginning in February 2011, management instituted a process whereby all outstanding, reconciling items were catalogued on a spreadsheet and weekly meetings were held to discuss, research and resolve these outstanding items, including outstanding deposits. Per management, these in-person meetings to resolve outstanding reconciling items were discontinued after August 2011. Management should re-institute a process to catalogue, discuss and resolve outstanding deposits at least monthly. Procedures for the handling of outstanding deposits should be developed and should reflect applicable regulations.

5. Outstanding reconciling items
We noted reconciling items in each account spanning more than one period, and in some cases, across the entire fiscal year. For example, on the September 2010 reconciliation we noted 91 reconciling items pertaining to prior months. We tested the clearing of those 91 items and noted the following: <ul style="list-style-type: none">▶ 6 reconciling items cleared in October 2010 (85 remaining)▶ 5 reconciling items cleared in November 2010 (80 remaining)▶ 8 reconciling items cleared in December 2010 (72 remaining)▶ 2 reconciling items cleared in January 2011 (70 remaining)▶ 33 reconciling items cleared in February 2011 (37 remaining)▶ 18 reconciling items cleared in March 2011 (19 remaining)▶ 0 reconciling items cleared in April 2011 (19 remaining)▶ 7 reconciling items cleared in May 2011 (12 remaining)▶ 7 reconciling items cleared in June 2011 (5 remaining)▶ 5 reconciling items were not cleared and existed at year-end
The longest aged reconciling item was a \$153 difference originating in July 2010 that did not clear by June 2011. We noted several reconciling items of insignificant amounts and, as such, these items should be disposed of via journal entry.
Additionally, supporting documentation was not consistently maintained to support outstanding reconciling items from June 2010 through January 2011.
Recommendation
As previously noted, as of February 2011, management instituted a process whereby all outstanding, reconciling items were catalogued on a spreadsheet and weekly meetings were held to discuss, research and resolve these outstanding items. Per management, these in-person meetings to resolve outstanding reconciling items were discontinued after August 2011. Management should re-institute a process to catalogue, discuss and resolve all outstanding reconciling items. As part of the overall Bank Reconciliation policy, management should include aging thresholds and escalation procedures if reconciling items cannot be resolved, a defined threshold for the write-off and disposal of reconciling items without further research, and documentation retention requirements.

Revenue Collections from Football Games

FAMU football home game revenue consists of several revenue sources, including: daily and season ticket sales, parking sales, concession sales, vending permit sales, program sales, and advertising sales. The Athletic Department collects, deposits, and classifies revenues for recording by the Cashier's office. For the 2010 home football season, we obtained general ledger (GL) balances from the Assistant Controller and supporting documentation from the Athletic Department, and tested revenue collections for proper classification, accurate recording, and timely deposit. As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Documentation to support revenue

Adequate/sufficient documentation is not maintained for revenue collected from the following sources:

- ▶ Parking - while parking inventory control sheets were maintained, ticket stubs to support actual parking tickets sold are not maintained.
- ▶ Concessions—Sodexo Food Services (Sodexo) system reports of concessions revenue are not provided on a per-game basis or for football revenue as a whole; instead, the system report shows concessions sold for all events for the year.
- ▶ Sponsorships - no tracking matrix with associated revenue per sponsor is maintained

Recommendation

Management should define document retention policies and procedures governing the supporting documentation for revenue collections for football games. The policy should include specific documents required, such as: specific football game Sodexo concessions reports (by game, if possible); TicketMaster sales reports; program sales inventory control sheets; parking inventory control sheets and ticket stubs; change in-out fund worksheets; and sponsorship advertising support.

Revenue Collections from Football Games

2. Control documentation for game programs and parking tickets

The inventory control sheet is intended to document programs/parking tickets allocated for sale and programs/parking tickets not sold and returned to the Athletic Department. The change in/out worksheet documents cash given to employees to use as change when selling programs and parking tickets and cash returned after the sale of programs and parking tickets.

Home Game 1:

- ▶ Per the inventory control sheet, we noted 87 tickets were issued for the Ardelia Ct. lot and 58 tickets were sold; however, no unsold ticket numbers were recorded. For the Tech A&C lot, per the tickets allocated versus tickets recorded, the number of tickets sold should have been 71; instead, tickets sold were recorded as 70 and total collections recorded were for 69 tickets (i.e., \$20 short).

Home Game 2:

- ▶ Per the inventory control sheet, we noted collections for the FAMU DRS lot were short \$10. Additionally, we noted tickets recorded as sold for the SBI East lot should have been five per ticket numbers issued versus returned; however, only one ticket was recorded as sold (i.e., \$40 short).

Home Game 3:

- ▶ Per the inventory control sheet, we noted 87 tickets were issued for the Ardelia Ct. lot, but 171 extra tickets were marked as sold per the inventory control sheet (total of 258 marked as sold). Additionally, we noted collections for three lots (FAMU DRS, SBI East, SBI West) were short by \$30, \$80 and \$60, respectively, for a total of \$170.
- ▶ Per the programs change in/out worksheet, the total collections listed contained a miscalculation that resulted in an erroneous revenue total \$600 greater than should have been recorded. The total change issued amount was not subtracted from the total collected number.

All Home games:

- ▶ We noted instances for all home games where the numbers for parking tickets sold were issued either: (1) from the back of the ticket book, or (2) from both the front and the back of the ticket book.

Recommendation

Management should implement detailed policies and procedures related to the sale of parking tickets and game programs, including: the handling of cash and procedures for/consequence around missing cash; proper issuance of numbered tickets; and, detailed review of inventory control sheets and change in/out worksheets for clerical errors, etc.

Additionally, management should provide additional training for all personnel involved in the process and reiterate the importance of accurate procedures and record keeping.

Revenue Collections from Football Games

3. Classification of home football revenue
<p>The Athletic Department and Controller's office were unable to provide total revenue collected for 2010 football home games. For example, the home football game reports provided by the Athletic Department, which are used to communicate revenue for each game to the Athletic Director, did not contain advertising revenue for all four home games or concession sales for the third home football game. The Controller's office was unable to provide a complete listing from the GL for all home football game revenue. The export provided from the GL did not consistently classify revenue related to vending, advertising, and concessions for the home football games. Consequently, we were unable to identify the GL classifications for concessions, vending, advertising, and ticket sales related to football revenue.</p> <p>The University has no formalized policy defining the revenue accounts and their components, and revenue accounts are not designed to consistently identify game revenue collected from various sources (e.g., football revenue generated from parking is recorded in two different accounts: Ticket Sales Non-Athletic - 602020 and Stadium Parking - 602146). Consequently, revenue is not consistently classified on the GL.</p> <p>Additionally, the Athletic Department maintains an "A-Receipts" report, which is an internal spreadsheet used to document all deposits sent to the Cashier's office to be booked in the GL. We noted the A-Receipts report, capturing the deposits made by the Athletic Department, did not agree to the game day support provided by the Athletic Department for the home football games. The A-Receipts report also does not agree to the GL.</p>
Recommendation
<p>Formalized policies and procedures should be created specifying GL accounts for recording revenues (per revenue type) from home football games and mapping the accounts to revenue types to be recorded in each account.</p> <p>A reconciliation of the supporting documentation, the "A-Receipts" report, and the GL should be performed at least on a monthly basis and reconciling items should be resolved in a timely manner.</p>

Revenue Collections from Football Games

4. Reconciliation of deposit requests to actual cash deposited
<p>The Athletic Department does not reconcile home football game revenue recorded on the GL by the Cashiers' office to the revenue journal entry (deposit) prepared by the Athletic Department. Lack of review increases the risk of misstatement or misclassification of revenue collected from home football games.</p>
Recommendation
<p>Management and the Athletics Department should consider implementing a reconciliation of the deposit request forms prepared by the Athletic Department and submitted to the Cashier's office to revenues recorded on the GL.</p> <p>Identified and known errors in classification of football revenue should be communicated and corrected on a timely basis to allow for correct classification in the GL.</p>

5. Cash handling segregation of duties
<p>Duties are not adequately segregated amongst the collection of cash, preparation of deposits, and preparation of cash journal entries to be posted to the GL. The Athletic Business Office Manager collects cash generated from the home football games and stores it in the ticket office, prepares the deposits, and prepares the journal entry for recording by the Cashier's office. An independent review of the activities does not occur, and the Cashier's office does not receive or review supporting documentation for the GL entry.</p>
Recommendation
<p>Incompatible duties should be appropriately segregated. The duties of collecting cash, preparing deposits, and preparing the journal entries should be separated. A single individual should not be responsible for the collection, custody and recording of cash.</p>

Revenue Collections from Football Games

6. Vendor permit contracts and payments

We noted two late payments for vending permits for home game 1 and incomplete support of vendor payment for home games 1, 2, and 3. We also noted the vending permit contract does not consistently document payment amounts due to the Athletics Department. The two late payments for vendor permits were received one day and 12 days past the date of the home game and totaled \$950.

Additionally, the amount due to FAMU is often incomplete within the vendor contract/application. Thus, we were unable to assess an accurate amount of revenue due the Athletic Department from the sale of vendor permits. A standard rate per game is also not documented within the vendor contracts, and modifications to standard rates are not evidenced within the contracts.

As a result of the incomplete contracts, we were not able to assess the complete revenue generated from vending permits.

Recommendation

Modifications to standard contract terms and conditions, including payment rates and due dates, should be reviewed and approved by the Athletic Director and University's legal counsel, as appropriate. Additionally, the vending application contract process could be improved by explicitly stating payment due within the contract.

Management should design and implement a process for tracking vendor payment due dates and amounts received. If payment is not received, FAMU should consider denying access to the vendor.

Management should also consider additional training for Athletic Department employees and reiterate the importance of accurate and complete contracts.

7. Contract for concession sales

FAMU's current contract with Sodexo maybe unfavorable to the University and an opportunity may exist to improve the contract's commercial terms and impact on the University.

FAMU is currently contracted with Sodexo for food services throughout the University, and an amendment to the contract includes concession sales for home football games. Per the terms of the addendum, the University pays Sodexo a \$40,000 Management fee in addition to operating expenses related to concessions. Profit remaining after the management fee and expenses is payable to the University by Sodexo; however, since the inception of the addendum (August 26, 2009) the University has not received any payment from Sodexo.

Recommendation

Management should perform an analysis of costs associated with concessions and consider revisions to the commercial terms of the Sodexo contract or exploring if other options are more favorable.

Revenue from Classics and Guarantee Contracts

During the 2010 - 2011 fiscal year, the FAMU athletics department had agreements to participate in two football Classics (the Florida and Atlanta Classics) and ten Guarantee contracts in football and men and women's basketball. Those contracts are as follows:

- ▶ Football: University of Miami
- ▶ Men's Basketball: University of Alabama, Air Force Academy, Global Sports Basketball Tournament, University of Arkansas
- ▶ Women's Basketball: University of Arkansas, Western Kentucky University, Long Beach State, Iowa State University, and University of Nebraska.

The University collects revenue through ticket sales and other charges, which are detailed in the respective contracts for the Classics, and a fixed fee for participating in the respective Guarantee games. We obtained the Classic and Guarantee contracts for each game during the scope period and tested that revenue was received in accordance with the contracts, and the payments were received, recorded accurately, and deposited in a timely manner. As a result of our procedures, we identified the findings and opportunities for improvement noted below:

1. Classification of revenue for Classics
<p>The Athletic Department and the Controller's Office were unable to provide the total amount of revenue from the Classics football games. The Controller's Office was also unable to provide a complete listing from the GL for all revenue associated with the two Classics. The export from the GL provided did not agree to the contracted amount for the two Classics. Thus, we could not identify where Classics ticket sale revenue was classified in the GL. Additionally, the "A-Receipts" report, capturing deposits made by the Athletic Department did not agree to the two Classic games or the GL.</p> <p>The University does not have a formalized policy defining the revenue accounts and their components. Revenue accounts are not established to identify individual game revenue or revenue collected from various sources.</p>
Recommendation
<p>Formalized policies and procedures should be created specifying GL accounts for recording revenues from Classic games and mapping the accounts to revenue types that should be recorded in the accounts.</p> <p>A reconciliation of the supporting documentation, "A-Receipts" report, and GL should be performed at least on a quarterly basis and reconciling items should be resolved in a timely manner.</p>

Revenue from Classics and Guarantee Contracts

2. Reconciliation of deposit requests to actual cash deposited

The Athletic Department does not reconcile revenue from Classics or Guarantees recorded on the GL by the Cashiers' office to the revenue journal entry (deposit) prepared by the Athletic Department. Lack of review increases the risk of misstatement or misclassification of revenue collected.

Recommendation

Management and the Athletics Department should consider implementing a reconciliation of the deposit request forms prepared by the Athletic Department and submitted to the Cashier's office to revenues recorded on the GL.

Identified and known errors in classification of revenue should be communicated and corrected on a timely basis to allow for correct classification in the GL.

3. Cash handling segregation of duties

Duties are not adequately segregated amongst the collection of cash, preparation of deposits, and preparation of cash journal entries to be posted to the GL. The Business Auxiliary Services Manager collects cash generated from the home football games and stores it in the ticket office, prepares the deposits, and prepares the journal entry for recording by the Cashier's office. An independent review of the activities does not occur, and the Cashier's office does not receive or review supporting documentation for the GL entry.

Recommendation

Incompatible duties should be appropriately segregated. The duties of collecting cash, preparing deposits, and preparing the journal entries should be separated. A single individual should not be responsible for the collection, custody and recording of cash.

Technology Fee

FAMU charges students a technology fee as a component of enrollment costs. The fee is charged as a percentage of tuition per credit hour, not to exceed 5%. Funds collected from the technology fee are used to enhance instructional technology resources for students and faculty.

We obtained the State and Board of Trustees regulations, approved fee table for the Fall 2010 semester, the student population for Fall 2010 and Spring 2011, and approval forms for projects funded by the technology fees. Using the information provided, and on a sample basis, we tested the University's compliance with governing provisions of laws and regulations as follows:

- ▶ A technology fee is established and limited to 5% of the tuition per credit hour
- ▶ Technology fees are paid by all students
- ▶ Revenues from the fees are used to enhance instructional technology resources for students and faculty
- ▶ Revenues and expenditures are budgeted in the Local Fund budget entity

As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Budget-to-actual reconciliation for technology fee spend

For approved projects funded by technology fees, actual spend is not monitored and compared to amounts budgeted and approved for the project.

Recommendation

Management should design and implement a monitoring control to track amounts spent per project and identify projects exceeding budgeted amounts.

2. Payment of technology fee from Florida Bright Futures Scholarship

A process or control does not exist to validate that recipients of the Florida Bright Futures Scholarship do not pay technology fees with scholarship funds. Currently, the University relies on the fact that the maximum amount of the Florida Bright Futures Scholarship for FY2011 is less than the total charges per credit hour for students.

Per state regulations, recipients of the Florida Bright Futures Scholarship cannot pay the technology fee with the funds from the scholarship.

Recommendation

Management should design and implement a process to assess technology fees collected from Florida Bright Futures Scholarship recipients and validate that technology fees are not paid with scholarship funds in the instances where the scholarship amount should increase or the tuition amount should decrease.

Technology Fee

3. Project approval documentation

Of a sample of six projects funded by technology fees, we identified one project (SPSS License Subscriptions) that did not evidence the approval of the University President or Provost. Management was unable to locate and provide the approval form. The only approval form maintained was for that of the CIO.

Recommendation

Management should define document retention policies and procedures governing all documentation relating to the collection and use of technology fees.

Additionally, management should consider additional training for employees and reiterate the importance of obtaining required approvals before initiating projects and disbursing funds.

Textbook Affordability

Per 2009 Florida Statutes, the FAMU is required to establish a textbook website posting deadline, a textbook adoption deadline, and policies to make textbooks available to students who otherwise would be unable to afford them. Additionally, Florida Statutes require course instructors to determine the extent to which a new edition differs significantly and substantively from earlier versions prior to adopting a new edition. Upon adoption of a textbook, course instructors are required to complete the Course Book Request Form and provide the Form to the FAMU bookstore. The FAMU bookstore enters the course book information into the Text Aid system, which automatically interfaces with the Barnes & Noble web portal to post textbook information for student reference. Though the FAMU bookstore stocks all required course books, students have the option of determining how and from where they will obtain textbooks.

We obtained the University's policies and procedures, textbook adoption and posting dates for 2010-2011 fiscal year and supporting documentation, and tested the University's compliance with Florida Statutes mentioned above. As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Deadline for adopting new textbooks

FAMU Board of Governors regulation 8.003 establishes a deadline of 35 days prior to the semester start for the identification and adoption of all textbooks used for instruction. Textbooks are considered adopted when the bookstore enters the course information in FAMU Text Aid system.

We tested the identification and adoption of textbooks for the Fall 2010 and Spring 2011 semesters and identified 1,823 of 4,868 (37%) textbooks adopted after the 35-day deadline.

Of the textbooks adopted after the 35 day deadline, textbooks were adopted an average of 24 days past the 35 day deadline, and 412 of the 1,823 exceptions (23%) were adopted after the start of the term.

Recommendation

FAMU should enforce the deadline by rejecting Course Book Information Request forms submitted after the 35-day deadline unless a written request and explanation for an extension is provided prior to the deadline as required by Board of Governors Regulation 8.003.

Management should consider additional training for instructors and employees, and reiterate the importance of submitting textbooks for adoption by the deadline.

Textbook Affordability

2. Deadline for posting adopted textbooks

FAMU Board of Governors regulation 8.003 establishes a 30-day deadline for posting adopted textbooks to the University's website; however, the results of testing indicate this deadline is not enforced.

We tested the posting of textbooks to the website for the Fall 2010 and Spring 2011 semesters and identified 1,696 of 4,868 (35%) textbooks were posted after the 30-day deadline, and not in compliance with University policy.

Of the 1,696 textbooks posted after the deadline, textbooks were posted an average of 20 days past the 30-day deadline and 412 of the 1,696 (24%) were posted after the start of the corresponding term.

Recommendation

FAMU should enforce the 30-day deadline by not allowing books to be posted past the deadline unless a written request and explanation for an extension is provided prior to the 30-day deadline, as required by Board of Governors Regulation 8.003.

Management should consider additional training for instructors and employees, and reiterate the importance of submitting textbooks for adoption by the deadline.

3. Textbook posting information

FAMU Board of Governors regulation 8.003 establishes that the University post either the International Standard Book Number (ISBN) or other identifying information including, at a minimum: all authors listed, publishers, edition number, copyright date, published date, and other relevant information necessary to identify the specific text book required for each course. FAMU policy mirrors this regulation.

We tested the posting of textbooks to the Text Aid system for the Fall 2010 and Spring 2011 semesters and identified 478 of 4,868 textbooks (10%) were posted without ISBN, copyright date, or published date. Textbooks posted without an ISBN will not display the required copyright date and published date, and are not in compliance with regulation 8.003. Additionally, "copyright date" and "published date" are not required fields in the Text Aid system.

Recommendation

Management should consider additional training for instructors and employees, and reiterate the importance of including required information for posting to the University website by the deadlines set forth in regulation 8.003 and FAMU policy.

Additionally, Management should consider adding "copyright date" and/or "published date" as required fields in the Text Aid system.

Textbook Affordability

4. Reconciliation of Text Aid to Barnes & Noble

A reconciliation of textbooks and information posted to the FAMU Text Aid System and Barnes & Noble web portal is not performed. No other controls were identified that would mitigate the risk of interface errors and/or incorrect posting of information.

Additionally, performance of reconciliation would provide evidence that adopted textbooks were posted to the Barnes & Noble web portal in compliance with regulation 8.003.

Recommendation

Management should consider implementing a weekly reconciliation, performed by bookstore personnel, of textbooks entered in FAMU Text Aid System and textbooks posted to the Barnes & Noble website. This weekly reconciliation would be performed during the weeks prior to and the beginning of each semester as textbooks are posted.

5. Retention of Course Book Request Forms

FAMU uses a Course Book Request Form to evidence compliance with the following Board of Governors Regulation 8.003 requirements for adopting new textbooks:

- ▶ The instructor must determine the extent to which a new edition differs significantly and substantively from earlier versions and the value of changing to the new edition
- ▶ The intent of the course instructor or academic department offering the course to use all items ordered must be documented

Bookstore personnel were unable to provide Course Book Request Forms for Fall 2010 and Spring 2011, and upon inquiry it was determined that the forms were not retained. Further inquiry indicated that academic departments are not required to maintain the request forms. (Note: the bookstore was able to provide Course Book Request Forms for Fall 2011.) The FAMU bookstore does not have a documented record retention policy; however, based upon inquiries with the FAMU Bookstore Manager, an unwritten retention practice is to maintain Course Book Request Forms for two years.

We obtained and tested the Course Book Request Forms for Fall 2011 and noted inconsistent use of the required Course Book Request Forms.

Recommendation

A single, standardized Course Book Request Form should be created capturing all necessary and relevant information, approvals of department deans, justification of new editions, justification for delays and receipt and posting dates. The form should document each step in the process, from identification through posting to Barnes & Noble.

Additionally, Management should define document retention policies and procedures governing all documentation relating to the request, adoption, and posting of textbooks. This policy should govern the retention of related records by both the bookstore and related academic departments.

Textbook Affordability

6. Course Book Request Form documentation and approval

Board of Governors regulation 8.003 and FAMU policy require instructors to document the extent to which new editions of textbooks differ from earlier versions and the value of changing to the new edition. This requirement minimizes the costs of textbooks for students while maintaining quality of education and academic freedom. The University attempts to fulfill this requirement through the use of a Course Book Request Form.

Although Course Book Request Forms were not retained for Fall 2010 and Spring 2011, we obtained the Course Book Request Forms for Fall 2011 and compared to textbook listings from the Barnes & Noble website for Fall 2010 and Spring 2011. By doing so, we identified 89 new editions were adopted in Fall 2011 compared to the Fall 2010 and Spring 2011 semesters.

Additionally, we read the Course Book Request Form required for the Fall 2011 semester and identified that the form does not capture sufficient information to provide justification for the use of new editions as required by Board of Governors Regulation 8.003. Additional inquiry indicated Department Deans are not required to review and approve the justifications for new editions. We inquired of the following 6 departments:

- ▶ College of Arts and Sciences: Visual Arts and Humanities, Theater, Philosophy, Religion
- ▶ College of Arts and Sciences: History/Geography, Political Science, Public Management
- ▶ College of Arts and Sciences: Biology
- ▶ College of Arts and Sciences: Psychology
- ▶ School of Nursing
- ▶ College of Agriculture and Food Sciences

Of the departments contacted above only one maintains Course Book Request Forms (College of Arts & Sciences: Visual Arts and Humanities, Theater, Philosophy, Religion), and none require review or approval of newly adopted textbooks.

Recommendation

A single, standardized Course Book Request Form should be created capturing all necessary and relevant information, approvals of Department Deans, justification for new editions, justification for delays and receipt and posting dates. The form should document each step in the process, from identification through posting to Text Aid. Requests for textbooks received in other manners should be rejected.

The Department Dean or Chair should review and approve justifications for new editions prior to submission to the bookstore.

Textbook Affordability

7. Textbook request forms submitted to University bookstore

The University bookstore accepts textbook requests in the following manners: outdated Course Book Request Forms (current and outdated form), online request through the bookstore website, and handwritten requests through fax. These methods of accepting requests do not contain the information components necessary to comply with University policy or Board of Governors regulation 8.003.

Recommendation

The University bookstore should develop a policy that states textbook requests should only be accepted via the standard Course Book Request Form. All other methods should be rejected.

8. Textbook voucher limits

Students receiving financial aid may request vouchers to use for textbooks and materials. The vouchers are repaid from the students' financial aid when received. Voucher limits may change annually based on inflation. The University's 2010-11 practice was to limit vouchers to \$799 per student per semester; however, University policies and procedures do not document the textbook voucher limit of \$799 per student per semester.

Through observation, we noted that PeopleSoft is not designed to limit the receipt of vouchers to \$799 per semester; rather current system controls limit the issuance of a single voucher to the designated limit. Students requesting multiple vouchers can receive vouchers in excess of designated limits.

Recommendation

FAMU policy and procedure should be updated to reflect the voucher limit each year.

PeopleSoft should be updated to include a limitation of the total voucher amount rather than per instance limitations.

Sub-recipient Monitoring

Prior to November 2011, the Office of Audit and Compliance was responsible for maintaining OMB Circular A-133 audit reports, reviewing all findings for impact on the pass-through entity, and ensuring the timely corrective action of all findings. The Office of Sponsored Programs was responsible for monitoring whether pass-through funds were remitted after appropriate approval. We obtained a listing of 2009 - 2010 sub-recipients and tested the receipt of required audit reports. We obtained a listing of 2010-2011 sub-recipients and tested whether pass-through funds were remitted after appropriate approval. The University was unable to provide sufficient documentation for testing of corrective actions taken by sub-recipients to resolve findings (see observation below). As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Policies and procedures

The Office of Sponsored Program's policies and procedures could be strengthened by adding/enhancing the following process components:

- ▶ Process for monitoring A-133 audit compliance and determining if criteria are met
- ▶ Composition of the training team and maintenance of evidence of training
- ▶ Identification of a timeframe for a current indirect cost rate (within the last 2-5 years)
- ▶ Performance of an annual risk assessment to determine the necessary follow-up for findings noted on A-133 reports

Recommendation

Management should consider the revision and strengthening of policies and procedures as described above.

Additionally, management should consider adding the performance of an annual risk assessment to the sub-recipient monitoring process and describing this process in the policies and procedures document. An annual risk assessment would take into consideration the need for on-site reviews for higher risk sub-recipients, complex programs, past issues with the sub-recipient, dollar spend with the sub-recipient, etc. Desk reviews (or a combination of minimal on-site and desk reviews) could be performed for sub-recipients whose risk profile is medium to low.

Sub-recipient Monitoring

2. A-133 Monitoring

OMB Circular A-133 requires sub-recipients that expend \$500,000 or more in Federal awards during the related fiscal year must complete an OMB Circular A-133 audit noting any findings.

Historically, the follow-up on findings from A-133 audit reports was the responsibility of the Department of Audit and Compliance; however, the Department of Audit and Compliance was unable to locate and provide the 2009-2010 A-133 findings matrix, which was used to document A-133 audit findings (including dollar impact of findings, status of findings, etc.).

Based on inquiry with both the Department of Audit and Compliance and the Office of Sponsored Programs, neither department currently maintains, reviews findings from, or ensures the corrective action of findings on the A-133 reports.

Recommendation

As the responsibility for monitoring sub-recipient activities, determining the impact of findings, and assessing corrective actions is the responsibility of the Office of Sponsored Programs, the responsibility for requesting, receiving, and retaining A-133 audit reports should be shifted from the Department of Audit and Compliance to the Office of Sponsored Programs. Shifting these responsibilities is also in-line with standard practice across other universities, and allows the Department of Audit and Compliance to maintain independence and objectivity for subsequent internal audit projects over this process.

Policies/procedures and roles/responsibilities should be updated to reflect this change.

3. Review & approval of payment to sub-recipients

We sampled and tested 10 sub-recipient payments for evidence of review and approval by the Principal Investigator prior to remittance to sub-recipient. We identified 2 of 10 (20%) did not evidence approval prior to payment, totaling \$22,676.

The invoices identified did not follow the standard procedures of the Office of Sponsored Programs, as each invoice was sent directly to the department sub-contracting the work instead the Office of Sponsored Programs. Each department sent the invoice to Accounts Payable, and funds were disbursed without the documented approval of the Office of Sponsored Programs and Principal Investigator.

Recommendation

Management should consider additional training for department employees, and reiterate the importance of review and approval by the Office of Sponsored Programs and the Principal Investigator, as required by policy.

Contracts and Grants Expenditures

FAMU receives funds for various programs and research through contracts and grants. The Office of Sponsored Programs oversees contract and grant activity and maintains documentation of all grants currently active within the university. We obtained policies and procedures and a listing of active contracts and grants during the scope period and tested if policies and procedures were written and established, contracts and grant awards are expended in compliance with terms and conditions of the granting agencies, and for compliance with applicable provisions of law, rules and regulations. As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Policies and procedures

We identified areas and process components where strengthening of the Office of Sponsored Program's policies and procedures is recommended. Those opportunities are as follows:

- ▶ Clarify the Purchasing department's roles and responsibilities pertaining to the review of contracts and grants
- ▶ Clarify responsibilities for maintaining documentation between Contracts & Grants, the Controller's Office and the Office of Sponsored Programs
- ▶ Update names of the Financial Status reports for A-133 to reflect current regulations
- ▶ Define a process for review and approval of the final technical report prepared by the Principal Investigator
- ▶ Define a process for monitoring A-133 audit compliance and determining if criteria are met

Recommendation

Management should consider revising and strengthening the policies and procedures as noted.

Insurance Coverage on Buildings

Florida Statute 284.01 states all buildings and the contents thereof, with limited exclusions, should be fully insured at Actual Cash Values. Annually, the University computes the insurable values of buildings, building contents and rental values, and insures each with the Florida Property Insurance Trust. We obtained the 2010 computation of insurable values and insurance certificate and tested for insurance coverage levels in compliance with Florida Statute 284.01. As a result of our procedures, we identified the findings and opportunities for improvement noted below.

1. Insurable value calculation approval
Current policies and procedures require the insurable value calculation to be reviewed and approved by the Director, Environmental Health and Safety and the Director, Administrative and Financial Services. We noted the FY11 Insurable value calculation did not evidence the review and approval of the Director, Environmental Health and Safety Department and Director, Administrative and Financial Services. Upon further inquiry, we noted the approval is informal and not documented.
Recommendation
The computation of insurable values should evidence the review and approval of the Director, Environmental Health and Safety and the Director, Administrative and Financial Services.

2. Policies and procedures over insurable value calculation
Policies and procedures over the calculation of insurable values address only the review and approval of the computation. Policies and procedures do not address the process for determining insurable values, frequency of the computation, or the addition or removal of assets from the computation.
Recommendation
FAMU policies and procedures should be revised to detail the process including the determination of insurable values, frequency of the computation, and addition and removal of assets from the computation.

3. Asset additions or disposals
A formal process does not exist for identifying asset additions or disposals, and the associated impact on the computation of insurable values. The current process relies on departmental leadership to notify the Assistant Director, Insurance and Risk Management of significant additions or disposals and all other assets are estimated based on observation and experience.
Recommendation
Management should develop a process whereby asset additions and disposals are reconciled to the fixed asset sub-ledger and estimated values of other building contents are reviewed and attested to by departmental leadership.

Investigations

Five investigations were performed by the Office of Audit and Compliance during the scope period of July 1, 2010 - June 30, 2011. The objective of this portion of the project was to review these five investigations to verify if the investigations were performed objectively. We were provided the hard-copy files that contained all documentation retained for each of the investigations.

Observations:

- Policies and procedures governing the conducting of investigations did not exist during the scope period, creating a lack of consistency with which the investigations were performed
- Original complaint and investigator name were not clearly documented as part of the files
- Document certifying the investigator's independence and objectivity was not included in the files
- Evidence that confidentiality issues were addressed not documented in the workpapers
- Workpapers were not clearly and completely documented to support findings in report (including documentation of interviews and testing of sample transactions/applicable support)
- Two of five reports were not finalized

Additionally, certain procedures customary to investigations were either not consistently executed or documented in the workpapers:

- Review of policies, procedures, controls and contracts applicable to the area under investigation
- Determination of applicable data preservation steps
- Data analytics (if applicable)

Recommendations:

A consistent and objective methodology for conducting investigations should be developed. It should include the following:

- Overall policies and procedures governing the investigations process, including: requirements for level of supporting documentation; document retention timeframe requirements; coordination with other entities (e.g., police department, Human Resources, Equal Opportunity Office, General Counsel); escalation policy; and general methodology
- A consistent intake form to document complaints
- An independence sign-off by the investigator assigned to the case, certifying objectivity to perform the investigation
- Standard reporting templates and report review/distribution requirements

Consideration should also be given to the cost-benefit of implementing one, consistent case management system for all complaints received by the Department.

Appendix: Management Response

All responses were provided by management and EY has not validated the completeness or sufficiency of the responses.

Bank Reconciliations

1. FAMU began updating the Bank Reconciliation procedures in 2011. However, as a part of continuous improvement, the Controller's Office will review bank reconciliation procedures on an annual basis. FAMU does not believe that there are (at this time) any updates to bank reconciliation policies.
2. FAMU concurs with recommendation. The University strives to complete the bank reconciliation by the 25th of the following month. However, because it is currently a manual process it sometimes takes longer. Also, in the specific period, the University lost five professional employees in the Controller's Office. The University will resume the effort for automating its bank reconciliation.
3. FAMU will reinstitute the process of holding meetings to discuss, research, and resolve outstanding items at least monthly.
4. FAMU will reinstitute the process of holding meetings to discuss, research, and resolve outstanding items at least monthly.
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Responsible Official: Dr. William Featherstone
Title: University Controller
Expected Implementation Date: Fall 2012

Revenue Collections from Football Games

1. FAMU maintains parking and program sales documentation in accordance with record retention guidelines established by the University and the State of Florida. However, we will continue to review and enhance our procedures to include supporting documentation for all football games revenue. We agree that sponsorship/advertising documents for Strike Magazine were not adequately maintained for 2010. Corrective actions were implemented for the 2011 football season which includes a tracking mechanism for all categories of advertising and sponsorships to include cash and trade agreements and advertising invoices.

Event parking for all home games has been transferred to the FAMU Boosters.

2. FAMU has procedures for managing parking and programs inventory sales. After each game a review and reconciliation is performed by the Athletic Business Office staff, along with a group leader who manages the inventory for parking and program sales.
 - a) An inventory control sheet is prepared at the beginning of each game;
 - b) At the close of each game a reconciliation is performed and the control sheet is completed;
 - c) The inventory control sheet is reviewed and signed by the Business Office staff and the group leader for each area;
 - d) The records are maintained in the Business Office and a copy is forwarded to The Division of Audit and Compliance as part of each individual game report.

The Athletic Department will ensure that additional training is provided in recordkeeping and inventory control.

Event parking for all home games has been transferred to the FAMU Boosters.

3. FAMU has account codes that identify revenue collected for football games and classics. The Department of Athletics will work with the Controller's office to ensure revenues for all games and classics are properly recorded, classified and reconciled to the correct General Ledger accounts.

A formalized reconciliation of the department's A-receipt reports has been developed and implemented which covers all categories of Athletics revenues, the general ledger entries and bank deposits. Reconciliations will be performed by staff on a monthly basis.

4. As discussed in Item 3 above, the procedures have been developed and implemented and include revenue journal entries (GL).

5. Segregation of duties currently exists within the Athletic Ticket Office as outlined below:
- a) Cashiers collect money from sales of tickets and count their drawers at the close of each day;
 - b) The Ticket Office Manager verifies the collections for that day and reconcile to the Ticket Master Report;
 - c) The Ticket Office Manager prepares the deposit slip for the bank and the corresponding transmittal for the Cashiers Office...Cash and checks are secured in a locked safe;
 - d) All cash and checks are picked up by the armored truck vendor contracted by the University and delivered to Wells Fargo Bank;
 - e) Deposit transmittals, (to include a copy of the bank deposit slips) are prepared for review and signature by the Athletic Business Office staff and subsequently submitted to the University Cashiers Office for processing in the general ledger;
 - f) Deposits are verified in the bank account by the Cashiers Office prior to posting details to the general ledger; and
 - g) All supporting documentation is retained by the Athletics Ticket Office

The department has added staff to support the Ticket Office and the Business Office to further segregate duties and enhance internal controls.

6. The Department of Athletics has begun to work with the University's General Counsel's Office to ensure the vendor application document contains all pertinent information within the agreement. Additionally, effective Fall 2012 the contract applications are completed and fully executed to include signature of the Athletics Director and payment amounts.

Vendor logs are maintained and no vendors are allowed to participate without payment. Prices for vendor permits have always been established prior to the beginning of football season.

EY note: As noted in Revenue Collections from Football Games, Observation 6, two vendors were allowed to participate without the timely receipt of the payment. Payments were received after the event date.

7. FAMU concurs. The University is renegotiating the terms of the concession agreement for the 2012-13 school year. Athletics will monitor the sales report and establish a tracking mechanism for revenues due. As mentioned in Item 3, the reconciliation will include all Athletics revenues.

Responsible Official: Derek Horne

Title: Athletic Director

Expected Implementation Date: Fall 2012

Revenue from Classics and Guarantee Contracts

1. As previously stated, a formalized reconciliation of the department's A-receipt reports has been developed and implemented which covers all categories of Athletics revenues, bank deposits and general ledger entries to include Classic and Guarantee Contracts. Reconciliations will be performed by staff on a monthly basis.
2. As discussed above, the procedures have been developed and implemented to include revenue journal entries (GL).
3. Segregation of duties currently exists within the Athletic Ticket Office as previously outlined. The department has added staff to support the Ticket Office and the Business Office to further segregate duties and enhance internal controls.

Responsible Official: Derek Horne

Title: Athletic Director

Expected Implementation Date: Fall 2012

Technology Fee

1. FAMU is currently monitoring on a monthly basis revenue collected, budgetary activities, project proposals, and transactions approved for Student Technology fees. In light of this review, we will design and implement a system to review all proposals at the conclusion of each project; and, develop a "project amendment" process to capture the appropriate approval for projects exceeding budgeted amounts.
2. Currently, the Bright Futures Scholarship amount is less than tuition; accordingly, Bright Futures funding has not been used to pay the Technology fee. We will consider implementing a control procedure to provide assurance that Technology fees are not paid with Bright Futures Scholarship funds in the event that, in the future, Bright Futures funding increases to an amount that exceeds tuition.
3. Remedial and refresher training will be sought through the University's training for EIT's managers and employees responsible for the retention and maintenance of official documents. Fiscal representatives working with the Student Technology Fee program will be required to abide by all legislative bylaws governing the initiation and disbursement of technology fee funds.

Responsible Official: Michael James

Title: Interim CIO Director of Student Administration Application

Expected Implementation Date: Fall 2012

Textbook Affordability

1. We concur with the finding. The Office of the Provost has sent directives to the deans, department chairs, and faculty regarding accountability and responsibilities. We are also in the process of finalizing a document that demonstrates best practices related to textbook affordability. This document will be posted on the FAMU website and distributed to all academic departments and faculty members.

The Office of Academic Affairs will meet individually with each school and college to review best practices regarding textbook affordability and the responsibility of each of the departments and their respective faculty. Additionally, a process will be implemented for an exception to submit a book order after the deadline. A reasonable justification will be provided and approved by the Office of the Provost.

2. We concur with the finding. The Office of the Provost has sent directives to the deans, department chairs, and faculty regarding accountability and responsibilities. We are also in the process of finalizing a document that demonstrates best practices related to textbook affordability. This document will be posted on the FAMU website and distributed to all academic departments and faculty members.

The Office of Academic Affairs will meet individually with each school and college to review best practices regarding textbook affordability and the responsibility of each of the departments and their respective faculty. Additionally, a process will be implemented for an exception to submit a book order after the deadline. A reasonable justification will be provided and approved by the Office of the Provost.

3. We concur with this finding. Barnes & Noble staff will continue to ensure that either the International Standard Book Number (ISBN) **or** other identifying information, as required by statute and regulations, are entered into their text-aid system.

We do not believe that the copyright date and/or published date should be a required field in the text-aid system since the statute and regulations only require that the posted list for each required textbook include the ISBN or other identifying information such as the title, copyright date, or published date.

4. We will consider implementing a reconciliation of textbooks posted in the text-aid system with textbooks posted to the Barnes & Noble web portal. The text-aid system is a Barnes & Noble system, and is directly tied to the web process through a system interface. Data from the text-aid system is regularly polled to the website (<http://famu.bncollege.com>), ensuring all required course materials are accurately reflected on the website. To ensure that the correct materials are loaded into the text-aid system, two employees are involved in the textbook adoption process. One employee enters the textbook information into the text-aid system. Afterwards, a second employee verifies the entered orders to ensure the system and website reflect the correct required materials.

It is our understanding that once the textbook has been adopted in the text-aid system, the posting to the FAMU website occurs within 12-24 business hours automatically.

5. We concur with this finding. Barnes & Noble staff will ensure the standardized Course Book Request Form is used by all professors. The textbook adoption procedures will be updated to include the retention of course information for a period of two academic years. After two years, the forms will be scanned and kept in a document management system.
Academic departments will also be given a directive about retaining these documents for two academic years.
6. We concur with this finding. The Course Book Information Form will be updated to reflect approval by the dean and department chair for all new editions prior to submissions to the bookstore.
If the edition of a textbook a professor is ordering is no longer available, the bookstore employee will order the newer edition from the publisher and make a notation on the Course Book Information Form "change made by the bookstore" employee.
7. We concur with this finding. The bookstore will no longer accept textbook requests that are not on the standard Course Book Request Form. This will be included in the internal procedures and communicated to the faculty.
8. We concur with this observation. The book voucher internal procedures will be updated to reflect the book voucher limit. We will also add an edit to PeopleSoft that will prevent a student's cumulative total from exceeding the book voucher limit.

Responsible Official: Dr. Donald Palm
Title: Assistant Vice President Academic Affairs
Expected Implementation Date: Fall 2012

Sub-recipient Monitoring

1. Management will coordinate with the Office of Audit and Compliance to formulate a process for monitoring A-133 audits and determining if criteria are met. Training will be provided to Principal Investigators (PIs) and staff on the policies and procedures. Training will be coordinated through the University's Organizational Training and Development Office, which documents and maintains the evidence of training.

The Office of Sponsored Programs will update the appropriate policies and procedures to include a review of the Indirect Cost Rate for all sub-recipients.

Management will coordinate with the Office of Audit and Compliance to formulate policies and procedures on performance of annual risk assessment to determine the necessary follow-up for findings noted on A-133 reports. These policies and procedures will be added to the sub-recipient monitoring process and will include a process for onsite review as well as desk reviews.

2. The responsibility for monitoring sub-recipient activities, determining the impact of findings, and assessing corrective actions is a collaborative effort between the Office of Sponsored Programs and the Office of Audit and Compliance. However, the responsibility for requesting, receiving, and retaining A-133 audit reports will remain in the Office of Sponsored Programs.

The appropriate policies/procedures and roles/responsibilities will be updated to reflect this change.

3. Management will provide training to departmental employees on the importance of the review and approval of invoices by the Office of Sponsored Programs and the principal investigator, as required by policy. In addition, the Office of Sponsored Programs has improved the invoice payment process by submitting all sub-recipient invoices to Accounts Payable through the ImageNow System. This change will assist in reducing the amount of invoices that are routed by departments to accounts payable prior to receiving approval from the Office of Sponsored Programs. Paper invoices are no longer accepted by Accounts Payable.

Responsible Official: Dr. K. Ken Redda

Title: Interim Vice President Division of Sponsored Research

Expected Implementation Date: Fall 2012

Contracts and Grants Expenditures

1. The Division of Research is continuously reviewing and revising all policies and procedures including the updating of report names. Other administrative offices within the University are also responsible for establishing and maintaining procedures that impact contracts and grants processes such as the Purchasing Office. All purchasing related procedures are made available via the FAMU website. All appropriate documentation is also maintained by the appropriate administrative office within the University.

Principal Investigators (PIs) are responsible for the submission of technical reports in accordance with the terms and conditions of the award. The PI is monitored by the Office of Sponsored Programs for submitting the appropriate technical report on time to the funding agency. Electronic technical reports submitted via websites such as FASTLANE and Commons are uploaded by PIs, monitored by Pre-Award staff, and approved by the Authorizing official.

Currently, the Office of Sponsored Programs requests and receives the A-133 audit reports. Management will coordinate with the Office of Audit and Compliance on determining the impact of findings and assessing corrective actions.

Responsible Official: Dr. K. Ken Redda

Title: Interim Vice President Division of Sponsored Research

Expected Implementation Date: Fall 2012

Insurance Coverage on Buildings

1. Effective immediately, insurable values and Actual Cash Values for buildings and other structures and improvements will first be computed by the Risk Manager, Environmental Health and Safety (EH&S). The computations must be reviewed and signed by the Director, EH&S and the Director, Financial Services for the Associate Vice President for Construction and Facilities Management. The computations and reviews for the upcoming fiscal year must be completed prior to the end of the current fiscal year. For new buildings and other structures and improvements, insurable values and Actual Cash Values will be provided by the respective Project Manager 30 days prior to the substantial completion date. The computations and reviews must be completed and submitted to the Department of Financial Services, Division of Risk Management, prior to the substantial completion of the facility.

2. Verification that the insurable values included on the computational documents signed by the Director of EH&S and the Director of Financial Services are the same values included on the certificate of insurance must be completed by the EH&S Executive Secretary and reviewed by the Risk Manager on an annual basis.

The Office of Insurance and Risk Management will review its existing policies and procedures and make necessary revisions to ensure the procedures include the process for determining insurable values, frequency of the computation, and addition and removal of assets from the computation.

3. The process currently exists although it is not formalized in procedures. The University recognizes the need to establish formal procedures to ensure compliance, and has made necessary revisions to existing procedures to include identification of asset additions and disposals and reconciliation to the fixed asset sub-ledger. As such, the office of Property Records provides Environmental Health and Safety with a listing of contents to be insured by building on May 1st of each year, and as needed throughout the year. Estimated values of building contents will be reviewed and attested to by departmental leadership.

Responsible Official: Avery McKnight/Joseph Bakker

Title: Vice President for Legal Affairs and General Counsel/

Interim Vice President for Administrative & Financial Services

Expected Implementation Date: Fall 2012

Investigations

Operating procedures governing the investigation process were adopted in May 2012 to provide a methodology and consistency with which investigations are to be performed. The procedures also included an intake form, a form to certify objectivity to perform the investigation, review requirements, and a reporting format. Beginning in February 2012, the Division began using the tracking element of the hotline to track all complaints received by the Division.

Responsible Official: Richard Givens

Title: Vice President Audit & Compliance

Expected Implementation Date: Fall 2012

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