



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

AGENDA
Audit and Compliance Committee
Grand Ballroom, Student Union
Florida A&M University
Tallahassee, Florida
March 27, 2013
2:45 p.m. - 3:45 p.m.

Chair: Mr. Alan Levine; Vice Chair: Mr. Ed Morton
Members: Carter, Kuntz, Lautenbach, Webster

1. **Call to Order** **Governor Alan Levine**

2. **Approval of Committee Meeting Minutes** **Governor Levine**
 - a. Minutes, November 7, 2012
 - b. Minutes, January 16, 2013

3. **Discussion: Florida A&M University Corrective Action Plan** **Chancellor Frank T. Brogan**

4. **Discussion: Audit Committee Responsibilities and OIG Functions, Overview** **Mr. Derry Harper**
 - a. **Audit and Compliance Committee Dashboard** *Inspector General and Director of Compliance, Board of Governors*
 - b. **OIG Summary Work Plan**

5. **Concluding Remarks and Adjournment** **Governor Levine**

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**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
March 27, 2013**

SUBJECT: Approval of Minutes of Meetings held November 7, 2012 and January 16, 2013

PROPOSED COMMITTEE ACTION

Approval of Minutes of meeting held on November 7, 2012, at New College of Florida, Sarasota; and Minutes of the meeting held on January 16, 2013, at the University of Florida, Gainesville.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Board members will review and approve the Minutes of meeting held on November 7, 2012, at New College of Florida, Sarasota; and Minutes of the meeting held on January 16, 2013, at the University of Florida, Gainesville.

Supporting Documentation Included: Minutes: November 7, 2012; and January 16, 2013

Facilitators/Presenters: Governor Levine

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MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE
NEW COLLEGE OF FLORIDA
SARASOTA, FLORIDA
NOVEMBER 7, 2012

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu/>.*

The chair, Ava Parker, convened the meeting of the Audit and Compliance Committee at 1:33 p.m., at the Sudakoff Conference Center, New College of Florida, in Sarasota, Florida. The following members were present: Matthew Carter, Patricia Frost, Tom Kuntz, Gus Stavros, John Temple, and Elizabeth Webster.

1. Call to Order

Ms. Parker called the meeting to order.

2. Approval of Minutes

Mr. Carter moved that the Committee approve the Minutes of the meeting of the Board of Governors Audit and Compliance Committee (Audit Committee) held June 21, 2012, as presented. Mr. Kuntz seconded the motion. The Minutes were approved.

3. Report: Florida A&M University Division of Audit and Compliance Corrective Action Plan

Mr. Derry Harper introduced an invited speaker, Mr. Rick Givens, the Vice President for Audit and Compliance at Florida A&M University (FAMU), to present the University's corrective action plan as requested by the Board last year. At the Committee's last meeting, June 21, 2012, Mr. Givens described FAMU's corrective action plan in response to a Whistle-blower investigation that the former Vice President for Audit and Compliance had submitted to the board of trustees and the Board of Governors audit summaries of audits that did not exist. The Committee invited Mr. Givens to today's meeting to provide them with an update of the University's further response to findings.

Mr. Givens covered the following topics in his presentation:

- A. **Background.** As a result of findings that FAMU's Division of Audit and Compliance did not follow professional standards governing the performance of

internal auditing services, the University contracted with Ernst & Young to redo eight audits or reviews that were identified in the earlier investigative report into this matter by Sniffen & Spellman, P.A. Ernst & Young was also tasked with assessing investigations to determine if they were performed objectively and in accordance with applicable professional standards and that they were adequately documented.

- B. **Audit 1: Bank Reconciliations.** Mr. Givens reported five findings: 1) procedures need to be strengthened; 2) monthly reconciliations were not completed in a timely manner, and preparation and approval dates were not consistently documented; 3) there were outstanding checks in excess of 365 days, and procedures for handling them need to be strengthened; 4) there were two occurrences of deposits outstanding greater than 30 days; and 5) reconciling items spanned more than one period, and sometimes they went across the entire fiscal year. Also, supporting documentation was not consistently maintained.

Audit 2: Athletics Revenue. Mr. Givens reported seven findings: 1) adequate documentation was not maintained for revenue collected from parking, concessions, and sponsorships; 2) there were inadequacies found on the inventory control sheets used to document program/parking sales, and the change in/out worksheets used to document cash given to employees to be used as change; 3) revenue accounts were not designed to consistently identify game revenue. The A-receipts report used to document deposits sent to the cashier's office did not agree to the game day support or the general ledger; 4) revenue recorded on the General Ledger is not reconciled to the revenue journal entry prepared by the Athletics Department; 5) duties are not adequately segregated among the collection of cash, preparation of deposits, and preparation of cash journal entries to be posted to the GL; 6) the vending permit contract does not consistently document standard rate per game or payment amounts due; 7) the University's contract with Sodexo may be unfavorable and an opportunity may exist to improve the contract's terms and impact on the University.

Audit 3: Technology Fee. Mr. Givens reported three findings: 1) technology fee funds spent are not monitored and compared to the amount budgeted for approved projects; 2) there was not a control in place to validate that recipients of the Florida Bright Futures Scholarship do not pay technology fees with scholarship funds; and 3) one project funded from Technology fees did not evidence the approval of the University President or Provost. Management was unable to provide the approval form.

Audit 4: Textbook Affordability. Mr. Givens reported six findings: 1) approximately one-third of the textbooks were not adopted and posted by the deadlines established by Board of Governors regulation; 2) textbooks were posted without the ISBN, copyright date, or published date; 3) the University

does not perform a reconciliation of textbooks and information posted to the Text Aid System and Barnes & Noble web portal; 4) course book request forms were not retained for a fall 2010 and spring 2011. Textbook requests are submitted through various methods, including online, fax, and outdated forms; 5) the Course Book Request form does not capture sufficient information to provide justification for the use of new editions; and 6) University policies and procedures do not document the textbook voucher limit of \$799 per student per semester, and PeopleSoft is not designed to limit the receipt per semester.

Audit 5: Sub-recipient Monitoring. Mr. Givens reported three findings: 1) policies and procedures could be strengthened by adding or enhancing particular areas of A-133 reporting and monitoring for compliance, among other things; 2) the Office of Sponsored Programs and Division of Audit and Compliance do not consistently maintain, review findings from, or ensure corrective action of findings on the A-133 reports; and 3) two sub-recipient payments did not evidence approval prior to payment. These invoices did not follow the standard procedures and were sent directly to the department sub-contracting the work rather than the Office of Sponsored Programs.

Audit 6: Contracts and Grants Expenditures. Mr. Givens reported one finding: policies and procedures could be strengthened by updating the purchasing department's roles and responsibilities; updating the responsibilities for maintenance of documentation; updating the names of the Financial Status reports for A-133; updating the process for review and approval of final technical reports; and updating the process for monitoring A-133 audit compliance.

Audit 7: Insurance Coverage on Buildings. Mr. Givens reported two findings: 1) the insurable value calculation did not evidence review and approval of the Director. The approval is informal and not documented; and 2) policies and procedures do not address the process for determining insurable values, frequency of the computation, or the addition or removal of assets.

Audit 8: Investigations. Mr. Givens reported five findings: 1) policies and procedures governing the conduct of investigations did not exist, creating a lack of consistency; 2) files did not include original complaint and investigator name, or certification of the investigator's independence and objectivity; 3) work papers were not clearly and completely documented to support findings in the reports; 4) the review of policies, procedures, controls, and contracts applicable to the investigation was not consistently documented in work papers; and 5) two reports were not finalized.

Mr. Givens stated that the University has corrective actions in place in response to the findings and recommendations.

[Presentation paused at 1:53 p.m. for Governor Rick Scott's presentation to the Board of Governors. Committee meeting resumed at 3:10 p.m.]

C. Presentation from Karl White, Chair of the University Board of Trustees Audit Committee. Mr. White addressed the Board of Governors to offer the Board of Trustees perspective on this matter. He said the problems fall into the following categories:

i. Issues with opportunities to improve policies.

Mr. White said the report revealed a need for more automation and staff training. He said they are working with Ernst & Young on improvements to policies, across the University. Additionally, the Board of Trustees has asked Ernst & Young to provide training for the audit committee at their next meeting.

Regarding the Athletics Department, at the last Budget & Finance Committee meeting, they asked the Athletics Director to talk with his counterparts at Florida State University and other institutions to learn about the best ways to implement their policies and procedures.

ii. Issues with opportunities to ensure policies are adhered to.

Mr. White said polices were properly in place but not adhered to. The Board of Trustees asked Dr. Robinson at their last meeting to report to them at a future meeting with a more in-depth report of how they can ensure staff training is properly done.

As a result of one of the reports regarding the spending of Student Government Association funds, they determined staff training needs to take place annually because students in SGA leadership positions change each year.

iii. More investment is needed in technology and efficiencies.

Mr. White said the Board of Trustees would like to communicate to the Board of Governors that they are aware these are occurring. They have charged themselves and President Robinson with ensuring corrective actions are implemented for each area of concern.

Mr. Kuntz said the Ernst & Young report is sobering; there are a lot of issues. He asked Mr. White what their plan is to go back later and ensure policies and procedures are in place and that these problems have really been fixed. Is there a time specific date for someone to check that the corrective action plan has been implemented and that it's been effective? Mr. White said they are trying to have realistic deliverables. Regarding the Bank Reconciliations audit, there were policies and procedures in place, but over time, they fell by the wayside. The solution is to have the right policy in place as well as

the right people in place and to have the right training occurring. The Board of Trustees and President have to be accountable for ensuring these things occur.

Mr. White said the Ernst & Young report revealed the University's processes are mostly manual. They need to invest more in technology. They are trying to reach a point where they can determine a definitive date of completion, but Mr. White said he doesn't have that date now.

Mr. Kuntz suggested they establish some target dates for completion and follow-up. Without that, there could be some "slippage."

Mr. Hosseini said the University's work new plan presented by Dr. Robinson was very realistic. The one before that was a disaster. Mr. Hosseini said there should be some accountability among the Trustees; the Board of Governors trusts Trustees to look at University Work Plans and to question the President. If they had done so with the first work plan, they would not have let the President submit it to them. Mr. White said, "Point well-taken."

Mr. Colson said he spent a couple of hours with President Robinson last week in anticipation of this meeting. Mr. Colson said Universities have to rely on their Presidents. He said he's impressed with President Robinson's commitment. Mr. White responded they have to have the right people in the job.

Chancellor Brogan said institutional control is essential. Institutional Controls means having appropriate policies, practices, and procedures in place and to ensure that they are expressed to all staff. People are then held responsible for implementing them. Lastly, the Chancellor said the University needs to ensure they have people in place who are capable of implementing them.

Ms. Parker asked Mr. White to work with Rick Givens to ensure, as Mr. Kuntz suggested, timelines are added to the corrective action plan and to let the audit committee know what they are.

Ms. Parker said our Board Chair spoke to the Board of Trustee Chair to ensure they had appropriate resources to provide the appropriate oversight. Mr. White said he believes they do have sufficient resources and that they have requested training for the Board of Trustees audit committee from Ernst & Young.

Mr. White said they understand they need to take a more active role as a Board.

4. Discussion of Pending Investigations

Mr. Harper said the information he will provide to Committee members today is an update from what the Chancellor provided to Board members a couple of months

ago. The time table in that communication indicated we would be done with our investigation at about this time. The investigation began earlier this year. However, we were bound by two or three different circumstances to coordinate our investigation with the pending criminal investigation of the matters that occurred on November 19, 2011. Additionally, there was a second criminal investigation into band finances at the University.

We began our active investigation and interviews in mid-July. We have the full cooperation of the University, and are gathering additional information. At this time, Mr. Harper said we anticipate a preliminary report on institutional and internal controls issues as well as the allegations made by individuals in the next two to three weeks. The University will have 15 days to respond in writing. We will make any changes to report based upon the University's response and then will issue the final report at that time.

5. Concluding Remarks and Adjournment

The meeting of the Audit Committee was adjourned at 3:48 p.m.

Ava Parker, Chair

Lori Clark,
Compliance Analyst

MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE
UNIVERSITY OF FLORIDA
GAINESVILLE, FLORIDA
JANUARY 16, 2012

*Video or audio archives of the meetings of the Board of Governors
and its Committees are accessible at <http://www.flbog.edu/>.*

Board Chair, Dean Colson, convened the meeting of the Audit and Compliance Committee at 1:42 p.m., at the Emerson Alumni Hall, at the University of Florida, in Gainesville, Florida. As the Committee Chair and Vice Chair positions are currently vacant, Mr. Colson convened the meeting as a Committee of the Whole. The following members were present: Dean Colson, Mori Hosseini, Dick Beard, Matthew Carter (by phone), Manoj Chopra, Patricia Frost, Wayne Huizenga, Alan Levine, Wendy Link, Ed Morton, John Rood, Norman Tripp, and Cortez Whatley.

1. Call to Order

Mr. Colson called the meeting to order and explained that because the Chair and Vice Chair positions are vacant, he will preside over the meeting with the Board as a Committee of the Whole. The minutes from the Audit Committee's last meeting, November 7, 2012, will not be considered for approval at this meeting, nor will there be any action items.

2. Discussion: Florida A&M University Anti-Hazing Program Investigation (OIG Complaint No. 2011-038)

Mr. Colson explained that as a result of the death of a FAMU student on November 19, 2011, the then Chair of the Board of Governors, Ava Parker, directed the Chancellor to initiate an investigation to be conducted by the Inspector General. A copy of the Preliminary Report of Investigation has been provided for each Board member in his or her agenda packet. Members also received a copy of Chancellor Brogan's report that summarizes the results of several investigations and audits into FAMU's operations that were conducted in the last 13 months. FAMU will submit its written response to the Preliminary Report of Investigation by January 23, 2013.

Mr. Derry Harper, Inspector General for the Board of Governors, stated that former Chair Parker's November 29, 2011 letter to FAMU's Board of Trustees Chair identified several issues that defined the scope of our investigation. The Chancellor instructed us to develop a plan to address these issues:

Did FAMU, from 2007-2011, have in place an effective anti-hazing program designed to prevent, detect, deter and discipline students engaged in hazing activities that included effective institutional and internal controls?

Did FAMU staff, from January 2010 to December 2011, fail to adequately address complaints of hazing, including investigating, and when appropriate, imposing appropriate discipline on students?

Did FAMU senior administrative staff fail to respond to hazing complaints reported by the former Director of Bands on or about November 8, 2011; and if so, does that demonstrate a reckless indifference or disregard for applicable law or regulations?

Mr. Harper explained that the investigative team was asked to look at the design and implementation of the University's anti-hazing program. We also looked at a specific allegation, which if true, would have been in violation of Board and University Regulations as well as the state Statute.

On page 53 of the Board members' agenda packet, there is a copy of the Preliminary Report of Investigation. Mr. Harper then went through the list of preliminary recommendations and findings. He summarized them as described on slide four of his presentation:

FAMU failed to implement an anti-hazing program that complied with Board of Governors regulations, University regulations or applicable state law due to a lack of effective institutional and internal controls designed to prevent, detect, deter, and discipline students involved in hazing.

Mr. Harper stated that we define "Institutional Controls" as a design program adequate to comply with the governing directives, such as regulations and state statutes, and to demonstrate that those regulations, statutes, policies and procedures were enforced. "Internal Controls" are the policies and procedures put in place and if they are effective. (Refer to slide five of Mr. Harper's presentation for a written definition.)

In terms of institutional controls, Mr. Harper explained that our investigative team concluded there was no internal or programmatic review of the interaction, in this case, between law enforcement and student affairs.

[Referring to Slide Five] At the internal controls level (were there policies and procedures in place and were they effective?), the Division of Bands had a specific directive that set forth particular steps to be taken by staff and faculty of the Marching

100. We concluded that the Directive, issued in 1998, had not been reviewed. The University could not demonstrate that key provisions were being followed.

[Referring to Slide Six] The former Director of Bands alleged that the senior administrative staff failed to respond to incidents of hazing reported to them on or about November 8, 2011 that he brought to their attention. If true, did such failure demonstrate a reckless indifference or disregard of applicable state law, Board of Governors, or University regulations? We concluded that while there were deficiencies in institutional and internal controls, this particular allegation could not be demonstrated. For example, the key November 16, 2011 meeting that formed the basis of his (the former Director of Bands) primary allegation of reckless indifference resulted in the University initiating an investigation of the hazing allegations that allegedly had occurred during the Homecoming game in October 2011. In addition, there was a difference in testimony in our interviews about whether or not the University considered suspending the band before the Florida Classic. Our investigation concluded that suspending the band before the Florida Classic was discussed, but that it did not represent a reckless indifference or disregard.

Mr. Harper reviewed the key dates as reflected on slides seven and eight. He explained that in the beginning, we were not able to actively investigate until the investigation by the Florida Department of Law Enforcement was completed. We began, therefore, by reviewing documents. We began holding interviews of University staff in July 2012. Mr. Harper acknowledged the cooperation of Florida A&M University's Board of Trustees Chair Solomon Badger, Interim University President Larry Robinson, and the University's senior staff were crucial to the successful completion of the investigation. For the investigation, Mr. Harper stated we held 35 interviews and reviewed approximately 7,000 pages of documents (see slide ten).

Mr. Harper explained that the Office of the Inspector General is required to follow certain standards. We have the *Audit and Compliance Committee Charter* and Section 20.055, Florida Statutes, and certain investigative standards we have to meet. With that in mind, Mr. Harper stated that we did not do all the investigative work ourselves: we were able to enlist the assistance of three state agency Offices of Inspector General. Several investigators were temporarily assigned to our office to work on this investigation with us.

To ensure our methodology was valid, valuable, and supportive of our conclusions, Mr. Harper said we relied on internal staff as well as subject matter experts such as Student Affairs Directors at other universities. The investigation was conducted in accordance with the Association of Inspector General Standards. Standards require that we commit sufficient resources, and that we are able to demonstrate due diligence as well as independence and objectivity.

Mr. Harper explained that we looked at a five-year period as we thought that using a five-year period would provide sufficient information to determine if institutional and internal controls were effective. It was not our objective to examine what happened on November 19, 2011. We tested the (anti-hazing) program in place at that time. We interviewed the former Chief of Police, the former President, and the former Interim President of the University for a historical perspective on the University's anti-hazing program in place.

Our recommendations at this time are preliminary (see slides 11 and 12). For example, the Office of Student Affairs should strengthen the Student Code of Conduct to incorporate language that explicitly states the University reserves the right to proceed under the Code prior to, concurrent with or subsequent to any other criminal or civil proceeding. We also recommend that staff be increased in the Office of Judicial Affairs.

Slides 13 and 14 list the University's corrective actions to date. Some of them are underway or have already been completed. For example, Mr. Harper highlighted that the University has implemented a new membership intake procedure that requires "recertification" of student organizations. Additionally, students are required to sign an anti-hazing pledge.

In closing his presentation, Mr. Harper expressed his appreciation for the support of our internal staff, Chancellor Brogan, Board of Trustees Chair Solomon Badger, Interim President Larry Robinson, and FAMU staff.

The team we assembled for this investigation came from the Department of Education (two investigators), the Department of Corrections (one investigator), and the Department of Environmental Protection (two investigators). Once we receive the University's response to the Preliminary Report of Investigation, we will determine if any changes are needed in our report before we issue the final report.

Chancellor Brogan informed Board members and the audience that the Preliminary Report of Investigation and related materials are available on our website.

The Chancellor acknowledged that the question of why the tragic death of Robert Champion led to an investigation when there have been other student deaths at other universities. He reminded the audience that this investigation was not a criminal one. There were other allegations, some whistle-blower, that surrounded the Robert Champion death. The Chancellor explained that this investigation was conducted to examine a possible lack of institutional control, which may have led to the death of a student.

The Chancellor explained that several firms (Sniffen & Spellman, Accretive Solutions, Ernst & Young, and the Southern Association of Colleges and Schools) have

recently reviewed FAMU's institutional controls in various areas (financial, personnel, internal communications, etc.). He said our office has reviewed all the executive summaries of these reports to find common findings. We will develop an organized action plan to work with the university in addressing those areas of concern.

Chancellor Brogan expressed his appreciation to President Robinson, Chair Badger, and the Board of Trustees for their cooperation in the OIG investigation just concluded. They have been open and honest with our staff in working on this project.

For next steps, the Chancellor said positive changes have already begun to address findings from the various reviews. He proposed to the Board of Governors that he be charged, as the Chancellor, to work with Dr. Robinson and his staff to address all findings from the various reviews and to report back to the Board's Audit Committee with the University's progress and success in the corrective action.

Chair Badger recognized that a "chain is only as strong as its weakest link." The problems in the weakest link need to be addressed. The University, the Inspector General and the other entities who have conducted recent reviews have brought attention to some of the problem areas they need to remedy. The University has every intention to move as swiftly as possible. He expressed his appreciation to the University's leadership staff for the way in which they have responded to these points or problematic areas.

Chair Badger also expressed his appreciation to the Board's staff for their professionalism and their work in the progress the University has made so far. If we know what ails us, we know how to fix it.

President Robinson said he will not speak about the University's response to the OIG report as they are preparing their formal response, which will be submitted by the January 23rd deadline. He thanked the investigative team for their hard work and professionalism. He also thanked the Chancellor for his collaborative spirit and for allowing the University to apply the internal talent they have while working with Board staff in addressing the problem areas.

President Robinson provided an update of the University's actions during the past year in response to findings from the investigative report as well as the others the Chancellor mentioned:

- The Board of Trustees revised the University's anti-hazing regulation to include a non-retaliation clause as well as a more-timely reporting requirement.
- At the March 2012 Board of Governors meeting, the Council of Student Affairs presented a matrix of anti-hazing program best practices. FAMU has now implemented all 16 of the strategies listed on the matrix.

- The University developed a comprehensive anti-hazing plan that includes enhanced eligibility requirements for band participation, strengthened membership criteria for clubs and organizations, and revised procedures for group travel.
- They hired Ernst & Young to look at corrective action strategies for findings in the FDLE report.
- They hired a new Vice President for the Division of Audit and Compliance.
- They hired Sniffen and Spellman to redo the 15 internal audits identified as needing to be redone.
- They are implementing a corrective action plan that he has already shared with the Chancellor and Board staff.
- They have enhanced the management and oversight of the oversight of the use of Purchase Cards and have conducted a mandatory training class for all users.
- The travel department will enhance the approval process for band travel for distributing travel funds.
- They have clarified the reporting process for hazing incidents, and they have created a new position for a Special Assistant to the President for Anti-Hazing, who will ensure incidents of hazing are investigated and fully resolved. The individual selected for the position will begin February 1st.
- They created two new positions in the Division of Student Affairs: a Director of Judicial Affairs (the new hire will begin February 1st), and a Coordinator of Judicial Affairs.
- The University has developed a new website about anti-hazing as a resource for information and as an avenue for reporting and seeking assistance.
- The duties of the Director of Bands and Chair of the Music Department have been separated to allow for better checks and balances.
- The academic requirements for band membership have been codified and include a minimum grade point average and progression requirements (like the NCAA requirements).
- There is a limit to the number of years a student can be a band member and the number of hours they can practice so that the emphasis is on being a student first.
- They have identified a new position of a Music Compliance Officer who will report directly to the Special Assistant to the President, who reports directly to the President. The Compliance Officer will report immediately any instances of non-compliance and that students meet requirements to be in the band and that travel requirements are met. They are in the final stages of the hiring process for this position.
- Training on these requirements for all band students is underway, and the information has been included in the handbook, which is available online.

Lastly, President Robinson assured the Audit Committee that the University is addressing the issues identified in the recent report from the Southern Association of

Colleges and Schools (SACS), from FDLE, and the other audit reports already mentioned in today's meeting. The University needs to convince SACS that they have the ability to show that these procedures have been enforced and that they are achieving what they have been designed to do.

Mr. Colson tasked the Audit Committee with following up on these issues and making certain that FAMU is following through on them. He encouraged the Audit Committee to stay engaged and involved. He asked the President to let the Board know if he needs additional resources in the corrective action plan.

Mr. Morton asked if the SACS report to the University has been posted online. President Robinson responded that at the meeting with SACS last December, they identified four issues the University must address. The University is expecting the full report from SACS this week. When they receive it, they will disseminate it to Chancellor Brogan. As of yesterday, they had not received it.

Mr. Levine recognized that bad things can happen at any campus. Universities must have clarity in policies and be in compliance with them to mitigate risk. He asked President Robinson and Chair Badger to speak specifically to the role of the University's governing body in future reports to the Board of Governors regarding FAMU's corrective actions on these issues. They also need to ensure they institutionalize the implementation of these new policies. What role will the governing body play in ensuring policies are clearly articulated in any high-risk area (not just hazing), ensuring mandatory reporting of any non-compliance and describe the reporting process (via the Audit Committee, for example), and ensuring that there is governing accountability. He requested specific attention to the issue of governance when next addressing the Board of Governors.

5. Concluding Remarks and Adjournment

Mr. Colson thanked Chair Badger and President Robinson for their hard work and cooperation. The meeting of the Audit Committee was adjourned at 2:25 p.m.

Dean Colson, Chair

Lori Clark,
Compliance Analyst

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**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
March 27, 2013**

SUBJECT: Discussion: Florida A&M University Corrective Action Plan

PROPOSED COMMITTEE ACTION

Information only

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

Chancellor Brogan will update the Committee on the status of Florida A&M University's corrective action plan.

Supporting Documentation Included: Draft Template

Facilitators/Presenters: Frank T. Brogan, Chancellor

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FAMU Corrective Action Plan 2013

(A) Audit and Compliance Issues

FAMU Staff Contact: Rick Givens, VP of Audit and Compliance
BOG Staff Contact: Derry Harper, Inspector General

BOT Cmte Chair: Karl White
BOG Cmte Chair: Alan Levine

✓	Completed
●	Good Progress
●	Slow Progress
●	Poor Progress

Issue	Update	Progress Indicator
<u>Compliance with Institute of Internal Auditors Standards (IIA)</u>		
(A1) Adopt new Audit Committee and Division of Audit and Compliance (DAC) Charters that conform to IIA Standards.		●
(A2) Revise operating procedures manual so that it complies with IIA Standards and take all necessary steps to train staff for implementation.		●
(A3) Establish a quality assurance and improvement program as required by IIA Standards and conduct a self-assessment following first year of operations in compliance with IIA Standards. Schedule a quality assurance review (QAR) conducted by an external auditing firm one year later.		●
(A4) Conduct all internal audits and risk assessments in conformance with IIA Standards.		●
<u>Reporting to Audit Committee and President</u>		
(A5) Ensure that annual performance reports are presented to the Audit Committee and President on the DAC's effectiveness, staff proficiency and productivity, including results of self-assessment referenced above and results of subsequent QAR.		●
(A6) Submit annual audit plan based on risk assessment results to Audit Committee and President, together with a budget that provides sufficient resources to address high risk areas in a timely manner.		●
(A7) Implement a project timekeeping system and ensure that DAC staff receives appropriate training.		●

(A8) Increase level of involvement with the Enterprise Information Technology function and review external assessments of EIT function to better identify risks, and to keep Audit Committee and President informed of risks and actions being taken to reduce risk.		●
Investigations		
(A9) Establish procedures for conducting internal investigations and train staff on new procedures. Include a mechanism for centralized tracking of complaints.		●
(A10) Conduct a self-assessment of DAC's compliance with the new procedures and report results to Audit Committee and President after the first year of conducting investigations under the new procedures.		●

(B) Finance

FAMU Contact: Joe Bakker, Interim CFO
BOG Contact: Tim Jones, CFO

BOT Cmte Chair: Rufus Montgomery
BOG Cmte Chair: Tom Kuntz

Issue	Update	Status
Banking		
(B1) Reconcile bank accounts by the 20 th of each month, and reconciliations need to be reviewed and certified by the FAMU Comptroller and sent electronically to the Board General Office.		●
(B2) Review accounting regulations and procedures over bank deposits and outstanding checks and provide proposed enhancements to the Board Office for review. Such review should include consideration of best practices at other SUS institutions.		●
Revenue Collection/Athletic Department		
(B3) Maintain adequate documentation to verify revenues collected for football games and ensure segregation of duties as between collection, deposits, journal entries, and reconciliations.		●
(B4) Reconcile revenues recorded on the General Ledger by the Cashier's office to the revenue journal entries prepared by the Athletics Department.		●
(B5) Review Sodexo concessions contract and determine reason for lack of revenue generation. Take all reasonable steps to increase revenue generation under the contract.		●
(B6) Prepare report of operating expenses of Athletics Department and cost-saving mechanisms that can be used to reduce deficit in the auxiliary enterprise account for intercollegiate athletics. Present report to the Board of Trustees and President for consideration. Amend Five-Year Deficit Reduction Plan to implement appropriate cost-saving mechanisms.		●

<u>Travel Reimbursement</u>		
(B7) Review internal controls relating to travel reimbursement.		●
<u>Expenditure of Student Fees</u>		
(B8) Establish procedures to ensure that tuition differential fees are expended in accordance with law, Board regulations, and plans as presented to the Board of Governors.		●
(B9) Establish procedures to ensure that projects being financed by the technology fee are monitored and compared to the project budgets.		●

(C) Academics and Accreditation

FAMU Contact: Dr. Rodner Wright, Interim Provost
BOG Contact: Dr. Jan Ignash, Vice Chancellor

BOT Cmte Chair: Marjorie Turnbull
BOG Cmte Chair: Norm Tripp

Issue	Update	Status
<u>Compliance with SACS Standards</u>		
(C1) Provide SACS with evidence of compliance with the standards identified in SACS letter dated January 15, 2013.		●
(C2) Provide a report to the Board of Trustees and the Board Office regarding implementation of academic goals established in FAMU's revised work plan.		●
(C3) Provide to the Board Office a copy of all university correspondence with SACS.		●
(C4) Provide a plan to the Board of Trustees and the Board Office regarding how the university will address Law School accreditation concerns raised by the ABA.		●
(C5) Provide a plan to the Board of Trustees and the Board Office regarding how the university will address IT and data management findings in the AG report.		●

(D) Facilities and Construction

FAMU Contact: Joseph Bakker, Assoc. VP. Construction
BOG Contact: Chris Kinsley, Director of Finance and Facilities
 Ken Ogletree, Board Architect

BOT Cmte Chair: Spurgeon McWilliams
BOG Cmte Chair: Dick Beard

Issue	Update	Status
<u>Procurement Process & Contract Negotiations</u>		
(D1) Prohibit the use of design-build contracts.		●
(D2) Provide a report to the Board of Trustees and the Board Office regarding implementation of facilities-related goals established in FAMU's revised work plan.		●
<u>Monitoring Construction Projects</u>		
(D4) Enhance procedures for monitoring construction payment requests, insurance requirements for design professionals, and for verifying contractor and subcontractor licensure status.	<i>Until such time as FAMU can enhance its procedures, and adequately staff the appropriate control positions, it should utilize the services of Duane Jackson to monitor all major construction projects— reporting directly to the President.</i>	●

(E) Hazing and Student Code of Conduct

FAMU Contact: Dr. William Hudson, VP for Student Affairs
 Bryan Smith, Special Assistant to the President
BOG Contact: Dr. Jan Ignash, Vice Chancellor

BOT Cmte Chair: Torey Alston
BOG Cmte Chair: Norm Tripp

Issue	Update	Status
<u>Anti-Hazing Program</u>		
(E1) Implement the anti-hazing program to ensure: (i) communication of anti-hazing policy to students and staff once per semester, and execution of anti-hazing agreements by students; (ii) continuation of anti-hazing prevention week events and anti-hazing website; (iii) completion of re-certification of all student organizations, including review of new intake procedures for members; (iv) continuation of anti-hazing instruction in the freshman studies course; (v) updating of the handbook and published anti-hazing policies to incorporate new procedures; (vi) implementation of System Anti-Hazing Best Practices, as appropriate; and (vii) maintenance of 24/7 hazing reporting hotline.		●

<p>(E2) Implement an operational plan for the Office of Judicial Affairs and Department of Public Safety to ensure:</p> <ul style="list-style-type: none"> (i) timely referral of all alleged conduct violations to Judicial Affairs by the Department of Public Safety per new Department of Public Safety policy (Departmental General Order 2, Chapter 11); (ii) timely investigation and adjudication of all alleged conduct violations by Judicial Affairs and timely investigation of hazing allegations by Department of Public Safety; (iii) adequate staffing and training of Judicial Affairs personnel; (iv) development of a centralized data base for tracking conduct code complaints. 		●
<p>(E3) Present an annual update on the Anti-Hazing Program to the FAMU Board of Trustees and Board of Governors Academic and Student Affairs Committee.</p>		●
<p><u>Student Conduct Code</u></p>		
<p>(E4) Revise the Student Conduct Code to allow for university disciplinary action concurrent with or subsequent to other criminal or civil proceedings.</p>		●

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**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Audit and Compliance Committee
March 27, 2013**

SUBJECT: Discussion: Audit Committee Responsibilities and OIG Functions,
Overview

PROPOSED COMMITTEE ACTION

Information only

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The Inspector General and Director of Compliance will review the draft "Audit and Compliance Committee Dashboard" that summarizes the Audit Committee's primary duties and briefly describe the OIG's activities in key areas such as investigations; internal audits; work plans; and Annual Report, as set forth in the Summary Work Plan.

Supporting Documentation Included: Audit Committee Dashboard

Facilitators/Presenters: Derry Harper

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**State University System of Florida Board of Governors
Audit and Compliance Committee
Dashboard
July 1, 2012 - June 30, 2013**

Board Lead: Alan Levine
Additional Board Members: Matt Carter, Tom Kuntz,
Ned Lautenbach, Ed Morton (VC), Elizabeth Webster

Lead Staff: Derry Harper/Lori Clark
Office of the Inspector General and
Director of Compliance (OIGC)

Goals and Deliverables	Lead	Planned Completion Date
I. Annual Review of Audit and Compliance Committee Work Plan/Dashboard	Levine	3/27/13
II. Develop and Approve SUS Compliance Program	Morton	TBD
III. Approve Office of the Inspector General and Director of Compliance (OIGC) Policies and Procedures	Lautenbach/Kuntz	6/18/13
IV. Annual Review of OIGC Work Plan	Levine	6/18/13
V. Adopt Procedures for Monitoring University Audit and Compliance Activities	Webster	TBD
VI. Approve Board Office Internal Audit Work Plan	Morton	6/18/13
VII. Review OIGC Annual Report	Levine/Carter	11/7/12
VIII. Annual Review of AACC and OIGC Charters	Levine	6/18/13

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