



BOARD *of* GOVERNORS

State University System of Florida

Audit and Compliance Committee

Joe Maleszewski, Inspector General and Director of Compliance
June 22, 2016

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Regulations Update

- **4.001** *Processes for Complaints of Waste, Fraud, or Financial Mismanagement*
- **4.002** *Chief Audit Executives*
- **4.003** *Compliance and Ethics Programs*
- **4.004** *Board of Governors Oversight Enforcement Authority*



OIGC Annual Work Plan

- Required Annually by Statute
- Risk-based
- Resources – 3 FTE
- 10% Reserved
- Planned Project Highlights
 - IT Governance
 - BOG Foundation
 - PBF Data Integrity
 - Compliance Activities
 - AG Operational Audit Follow-up



Florida A&M University – CAP Update

- January 2013 - Board Office Monitoring
- In Response to AG and Other Reports
- Accountability Partnership
- High-level Tracking and Monitoring
- Keep the Board of Governors Informed
- Remaining Corrective Action Items:
 - Intercollegiate Athletics Cash Deficit
 - Permanent and Stable Leadership Team
 - Facilities Construction Reviews



Intercollegiate Athletics Program Cash Deficits

- Repeat Auditor General Finding
- BOG Regulation 9.013, *Auxiliary Operations*
 - “Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity.”
- Multi-year Cumulative Deficit
 - June 30, 2014 \$7,624,114
 - June 30, 2015 \$7,678,203 (P&T)
 - June 30, 2016 ?



Intercollegiate Athletics Program Cash Deficits

- Deficit Reduction Strategies
 - 2013 Consultant Study
 - 2014 and 2015 Plans for Revenue Generation and Fundraising
 - June 2015: AD Milton Overton Hired
 - May 2016: BOT approved a 5-year Financial Plan for Intercollegiate Athletics
 - Ongoing Plan Evaluation and Revision



Background: Permanent and Stable Leadership Team

- Southern Association of Colleges and Schools Commission on Colleges' October 2013 report
- Standard 3.2.8, “The institution has qualified administrative and academic officers with the experience and competence to lead the institution.”
- Changes in leadership resulted in a large number of interim appointments.



Florida A&M University – CAP Follow-up

Permanent and Stable Leadership Team

- Changes in Key Leadership Positions
 - General Counsel: December 2015
 - Chief of Staff: December 2015
 - VP/CFO Finance and Administration: March 2016
- Positions in Interim/Acting Capacity
 - Acting VP/CFO Finance and Administration
 - Acting General Counsel
 - Interim Associate VP, Development
 - Interim VP Brooksville Research Center
 - Interim Associate VP, Institutional Effectiveness
- President's Contract

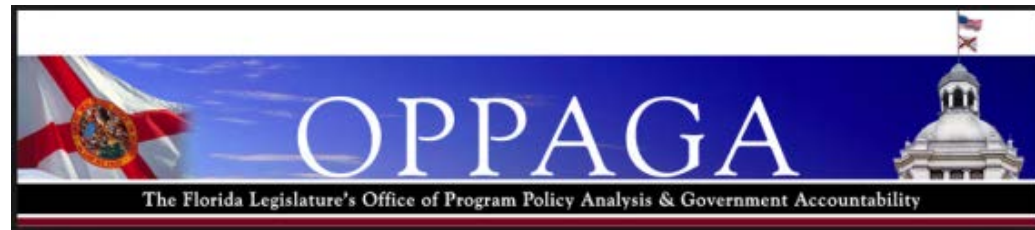


Facilities Construction Reviews

- Pharmacy Phase II Construction
 - Allegations Referred: April 2014
 - Carr, Riggs, & Ingram: July 2014
 - Final Report: December 2015
- DRS Sports Field Construction
 - Allegations Referred: June 2014
 - Investigative Report: July 2015
 - Planning Study: May 2016



AUDIT COVERAGE: STATE UNIVERSITY SYSTEM



CAEs





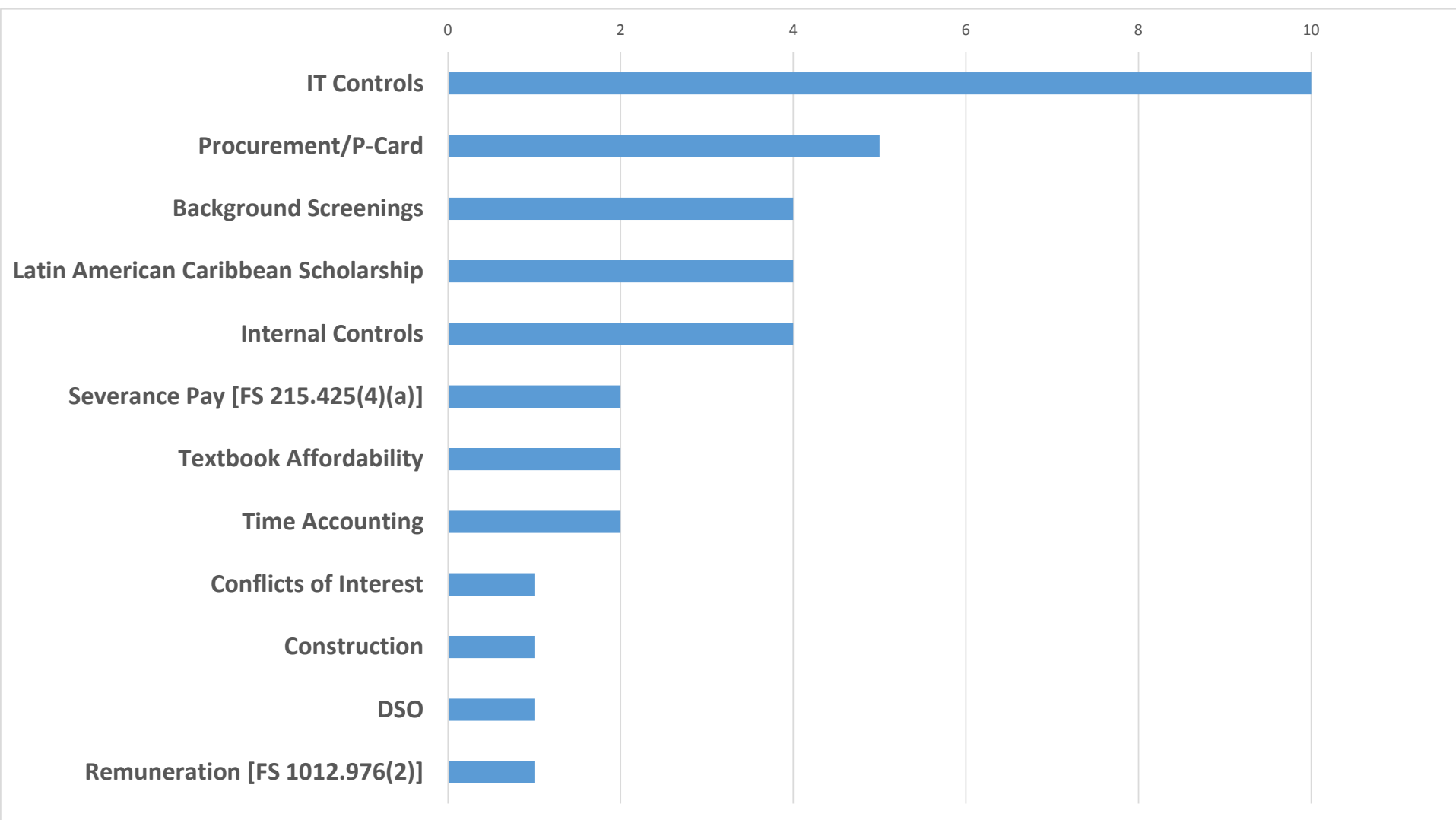
AUDIT COVERAGE: AG Financial Statement Audits March 2015 - March 2016

- Financial Statements – Fairly Presented
- Internal Controls
- Noncompliance





AUDIT COVERAGE: AG Operational Audits March 2015 – March 2016





AUDIT COVERAGE: AG Federal Awards March 2016

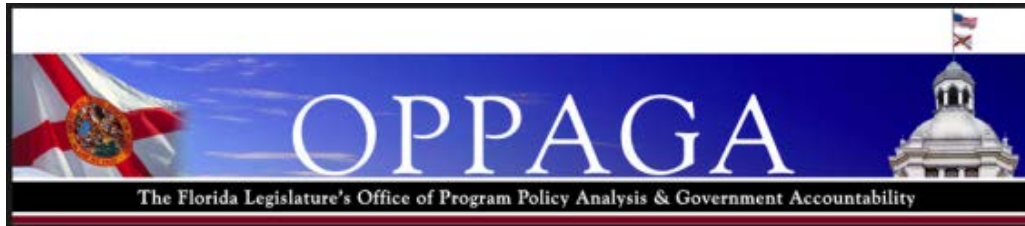
- **\$3.5 Billion in Student Financial Assistance Cluster**
 - 6 Audit Findings in SFA Cluster
 - ✓ 3 IT Access Controls
 - ✓ 1 Attendance
 - ✓ 1 Untimely Return of Funds
 - ✓ 1 Work-Study Program Agreements
- **\$744 Million in Research and Development Cluster**
 - No University Audit Findings in R&D Cluster





AUDIT COVERAGE: OPPAGA

March 2015 - March 2016

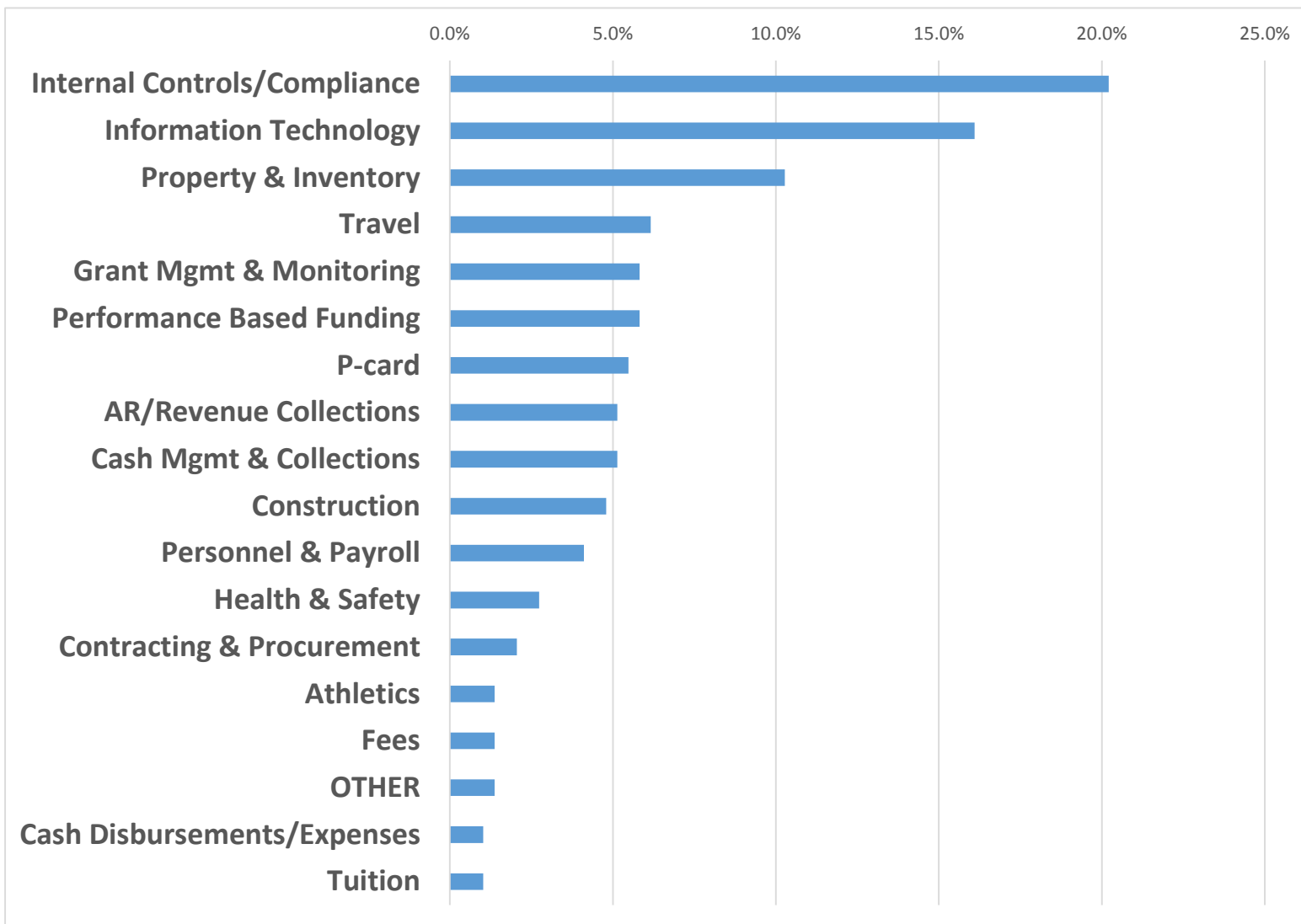


- Florida's Nursing Education Programs



AUDIT COVERAGE: Chief Audit Executives

March 2015 – March 2016



CAEs



AUDIT COVERAGE: Independent CPA FY 2013-2014

Support Organizations/Plans

- 85 Financial Statement Audits – Fairly Presented

FINDINGS:

FAMU Foundation – Material Weakness and Significant Deficiency

- Segregation of Duties (MW)
- Reconciliations (SD)

FSU Seminole Booster – Material Weakness and Significant Deficiencies

- Account Reconciliations (MW)
- Accounting Policies and Procedures (SD)
- Documentation of Cash Receipts (SD)





COMMON/PERSISTENT AUDIT FINDINGS AG AND CAE OPERATIONAL AUDITS

- IT Security
- Textbook Affordability
- Tuition Differential
- Remuneration Administrative Employees
- Severance Payments
- Residency for Tuition Purposes
- Direct Support Organizations
- P-Card
- Cash Collections
- Contracting and Procurement
- Construction
- IT Disaster Recovery



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