

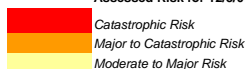
AUDIT WORK PLAN

Accretive Solutions

December 3, 2007

Revised: January 15, 2008

Assessed Risk for 12/3/07 Work plan



"DRAFT"

FAMU Operational Audit Corrective Action Plan (CAP)

Italics and strikethroughs - Revised 1/10/08

BOG Task Force		FAMU Operational Audit Corrective Action Plan (CAP)					ACCRETIVE WORK PLAN
Task Force Goal/Objective	Auditor General (AG) Audit Report	#	AG Finding # & Description	AG Recommendation	Corrective Action Plan (Updated by FAMU 12/07, changes in italics	Responsibility	Validation Process
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG1 SACS ISSUE: CR 2.2	Contrary to the University's Inspector General Charter and applicable professional standards, the Inspector General did not report to the President, and did not provide for a required peer review. Also, the University had not documented, of record, why certain Inspector General audit reports were not published, or that the President and Chairman of the Audit Committee had been advised of the decision to not publish these reports and had approved such action.	The University should ensure that Inspector General reports are timely published, or document, of record, why reports are not published. In addition, the University should ensure that the Inspector General undergoes a timely quality assurance or peer review in accordance with IIA Standards and GAS.	Actions Taken: The BOT, at its March 2007 meeting, adopted a charter for the Division of Audit and Compliance, with the VP for Audit and Compliance reporting to the President and the Audit Committee of the BOT. Actions Planned: The Division of Audit and Compliance will schedule a quality assurance review when a sufficient amount of work identified in the current audit plan is completed. The Division is conducting searches for internal auditors to fill vacant positions. Also, the annual audit plan for fiscal year 2007-08 was approved by the Board of Trustees (BOT) on September 13, 2007. Additionally, the Division will update the BOT, BOG Inspector General, and the Task Force, as appropriate.	Audit	<ul style="list-style-type: none"> Obtain copy of new charter and Organization Chart. Examine new charter and Organization Chart and verify that the Inspector General reports to the FAMU President and has a direct line of communication with the Chairman of the Audit Committee. Inspect the quality assurance review of the IG, if one has been done yet, and determine if it was performed in accordance with IIA Standards and GAS. Determine if qualified staff have been hired or if any openings are currently advertised. Obtain copy of the 2007-08 audit plan. Obtain Inspector General Reports R-05-312 and R-05-312A if they exist and determine final status. Determine that organization conforms with best practices for Compliance & Audit organization.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG2 SACS ISSUES: CR 2.2 CR 2.11.1 CS 3.2.8 CS 3.10.1 CS 3.10.2	The University's accounting records did not accurately reflect budgeted revenues and expenditures per the Board of Trustees-approved operating budget. Also, contrary to Board policy, the operating budget did not include all planned revenues and expenditures, and several budget amendments were not approved by the Board or President.	The University should ensure that future operating budgets submitted to the Board for approval include all planned revenues and expenditures, and ensure that the accounting records accurately reflect budgeted revenues and expenditures included in the Board-approved operating budget.	Actions Taken: On July 11, 2007, the Board of Trustees approved an amended operating budget for fiscal year 2006-07 and the operating budget request for fiscal year 2007-08. The amendments to the operating budget for fiscal year 2006-07 were needed to accurately reflect the financial activity for the year. In addition, procedures have been developed and implemented to ensure the budget amendments are submitted expeditiously to the Board of Trustees for approval. Also, future estimates of both certified forward and carry forward amounts in the operating budget will be submitted to the Board of Trustees for approval. Further, the Division of Audit and Compliance reviewed and verified the operating budgets approved by the Board of Trustees and the procedures for approval of budget amendments. Actions Planned: The Division of Audit and Compliance will review future budget amendments to ensure compliance with the established procedures.	Financial	<ul style="list-style-type: none"> Obtain BOT-approved amended operating budget for fiscal year 2006-07 and the operating budget for FY 2007-08. Verify that the operating budget includes all planned revenues and expenditures. Verify the procedures that were developed to ensure that budget amendments are submitted expeditiously to the BOT for approval. Obtain any new budget amendments and verify that they are now approved by the Board. Verify that the Division of Audit and Compliance reviewed and verified the operating budgets that were approved by the BOT.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG3 SACS ISSUES: CR 2.11.1 CS 3.2.8	The University's controls over electronic fund transfers needed improvement. The fund transfers among bank accounts should be properly authorized, processed, and documented. There should be a written agreement between the University and the bank setting forth the responsibilities of each party, and accounts where the funds may be transferred. University employees who authorize and transmit transfers should not be the same employees who verify or record the transfers.	The University should strengthen its controls over electronic fund transfers by amending its written agreements with the banks to limit amounts that may be transferred, and by separating incompatible duties.	Actions Taken: Controls presently in place include a senior manager receiving and reconciling on a daily basis the summary ledger. Access to the system has been limited by roles and new banking procedures have been written. The duties of initiating and approving electronic fund transfers have been separated. The Comptroller initiates the request and the Treasury Operations V.P. or Associate V.P. for Financial Services approves it. The Division of Audit and Compliance reviewed the EFT agreement with Wachovia Bank and determined that transfer amounts are restricted to authorized personnel. Actions Planned: Division of Audit and Compliance will test transactions to ensure risk has been mitigated in regards to the separation of duties.	Financial	<ul style="list-style-type: none"> Obtain copies of EFT agreements between FAMU and banks regarding transfers. Verify that EFT agreements state the responsibilities of each party and accounts that funds can be transferred to. Verify that there are limits on the dollar amounts that may be transferred. Test a sample of EFTs to verify that persons who authorize and transmit transfers don't verify or record the transfers. Test a sample of EFTs to verify that transfers are properly authorized, processed, and documented. Determine whether the bank has been instructed to confirm non-routine transactions.

1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG4 SACS ISSUES: CR 2.2 CR 2.11.1 CS 3.2.8	Contrary to law, University personnel wrote-off returned checks receivables amounting to \$11,674 from the accounting records without Board of Trustees approval. Also, the University had not, of record, performed collection procedures for certain returned check receivables. The University did not distinguish between checks returned from students or from employees.	The University should ensure that returned checks receivable be written off are presented to the Board for its review and approval. The University should also implement collection procedures for returned checks, including a determination of which receivables are for students or employees so that financial holds can be placed on student records or amounts due deducted from employee paychecks.	Actions Taken: The University centralized its collections in the Treasury Operations Office in November 2006. The University promulgated a Cash Collections and Controls Manual in January 2007 that provided adequate procedures regarding returned checks receivable. The procedures provided for Board of Trustees approval for write-off of receivables. Actions Planned: Present future write-offs to the BOT for approval.	Financial	<ul style="list-style-type: none"> Obtain copy of the Cash Collections and Controls Manual and determine that the procedures exist and are adequate. Determine that the procedures require BOT approval of write-off of bad checks. Verify that holds are placed on student records of that amounts are deducted from employee paychecks. Obtain aging schedule of bad checks. Verify that returned checks are distinguished as being from employees vs. from students. Obtain schedule of all bad checks from FYE 6/30/07, check for a repeat of any name, and investigate further. Consider confirming with individuals that they didn't pay the amount owed and consider other fraud detection procedures. Determine if process includes best practice of fully reserving for and maintaining a control account
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG5 SACS ISSUES: CS 3.11.1	The University's 2005-06 fiscal year annual physical inventory of tangible personal property disclosed numerous property items that could not be located. Although University personnel investigated the missing items, they had not, of record, reported items still missing after the investigation to the appropriate law enforcement agency. Nor had University personnel timely adjusted the property records for the missing property items.	The University should report items missing after investigation to the appropriate law enforcement agency, and ensure that the property records are timely adjusted to reflect missing property.	Actions Taken: The University's Property Survey Board met on April 5, 2007, and adopted a policy requiring that all missing property items be reported to the Campus Security. In addition, property records will be adjusted regularly to reflect missing items. Actions Planned: The Division of Audit and Compliance will conduct periodic physical inventory.	Financial	<ul style="list-style-type: none"> Obtain copy of policy and determine if it contains a procedure regarding periodic inventories. Obtain copy of the 2006-07 inventory. Ascertain whether surprise interim counts would be appropriate. Obtain journal entry that shows the write-off of missing inventory. Determine if adequate support exists to write off the missing inventory, including proper authorization. Determine if property records have been adjusted to reflect the missing items. Inspect police reports to determine if law enforcement agencies were contacted. Determine if FAMU's law enforcement department actually did an investigation of the items reported missing. Determine if the policy includes procedures to address security issues related to confidential information contained in missing property.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG6 SACS ISSUE: CS 3.11.1	The University did not reconcile capital outlay expenditures to property record additions.	The University should perform reconciliations of capital outlay expenditures to property record additions.	Actions Taken: Requests have been made of Enterprise Information Technology to produce reports to facilitate the reconciliation of capital outlay expenditures to the property records. A full-time position has been dedicated to this task until the reconciliation is current. Responsible accounting staff members have received training relevant to the reconciliation. Actions Planned: Complete monthly reconciliations, conduct periodic reviews and evaluate the merits of a central receiving process. The BOT and BOG Task Force will be informed appropriate.	Financial	<ul style="list-style-type: none"> Inspect general ledger activity for capital outlay expenditures and property records. Determine if capital outlay expenditures have been reconciled to property record additions. Determine if a FT employee has been hired yet who will reconcile capital outlay expenditures to property records. Obtain copies of reconciliations and determine that reconciliations are being performed monthly, and that discrepancies are being researched. Verify evidence of periodic reviews based on the Division's audit plan. Note - AG Audit 2008-050 covered this area. See AG for detail testing of this control. Verify control is still functioning as intended.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG7 SACS ISSUES: CR 2.11.1 CS 3.10.3	The University's procedures for decentralized collections needed improvement. In addition, the University did not, contrary to Section 119.021, Florida Statutes, retain records supporting \$1,823,389 of the reported Athletic Department collections.	The University should enhance its procedures to provide for timely deposit of collections, use of transfer documents to document transfer between employees, and sequential receipt numbering and accountability for receipt numbers. The University should also ensure that records supporting collections are retained in accordance with Section 119.021, Florida Statutes.	Actions Taken: Effective January 2007, the University implemented new procedures pursuant to a Cash Collections and Control Manual that standardizes cash handling procedures, documentation procedures, and timely deposit procedures. The University reduced the number of cash collection sites from 46 to 16. The University has electronically retrieved auditable documentation to replace the documentation that was inadvertently discarded. Actions Planned: Review the 16 sites for appropriateness and uniformity with cash collection controls. As part of the audit plan provide periodic reviews of cash collections and associated cash controls.	Financial	<ul style="list-style-type: none"> Obtain copy of the Cash Collections and Control Manual and evaluate that controls and procedures are adequate. Determine that records supporting Athletic Department collections are being retained. Review the electronically-retrieved auditable documentation and verify that it supports the \$1,823,389 of Athletic Department collections. Verify that current deposits are made in a timely manner. Verify that transfer documents are being used. Verify that receipt numbers are sequentially numbered.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG8 SACS ISSUES: CR 2.11.1	The University did not adequately monitor compliance with auxiliary contract provisions to ensure that it received the correct amount of commission income it was due.	The University should continue its efforts to ensure it is receiving all commission income to which it is entitled. The University should also pursue revising the agreements with the contractors to include a penalty for late commission payments and to establish a timeframe for submittal of the audit reports.	Actions Taken: Responsibility for the annual reviews of auxiliary contractor records was reassigned to the Compliance and Audit Division. Actions Planned: The annual reviews of auxiliary contractor records for fiscal year 2006-07 will be performed by the Compliance and Audit Division during fiscal year 2007-08. The auxiliary contracts will be modified to provide penalties for late payments, and to provide a deadline for submitting copies of their annual audit reports.	Financial	<ul style="list-style-type: none"> Obtain a schedule of auxiliary contracts and select a sample for further testing. Obtain subsidiary and general ledger records that show auxiliary revenue collections. Verify that commissions are being collected for contracts in sample. Inspect new contracts over \$250K and determine that there is a clause for late payment of penalties and a timeframe for submittal of audit reports. Obtain audit reports and commission reports of contractors and determine if amounts stated in these reports agree with commission income reported in FAMU's accounting records.

1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG9 SACS ISSUES: CR 2.2	Contrary to Board of Governors regulations, procedures for determining tuition waivers and refunds had not been approved by the Board of Trustees. Also, tests disclosed instances in which tuition refunds were not calculated correctly. Three of ten tuition refunds tested had errors of significant amounts.	The University Board of Trustees should adopt, by rule, procedures for determining tuition waivers and refunds. The University should also modify its computer program, as necessary, to ensure that refunds are calculated in accordance with University policy.	Actions Taken: On July 11, 2007, the Board of Trustees approved amended Policy 3.009, payment of Fees-University Tuition Refund for tuition waivers and refunds. In regards to the three (3) instances cited in the Operational Audit, corrective action has been completed by the Division of Student Affairs. In addition, the functional line staff at EIT has made the necessary corrections within the production setup that caused the instances of cited errors. Those problems that created the past errors have been modified and migrated to the production setup. Actions Planned: The Division of Audit and Compliance will monitor any changes to the computer program to ensure that refunds are calculated in accordance with the approved policy.	Enterprise	<ul style="list-style-type: none"> Obtain a copy of Policy 3.009, and determine that the BOT approved Policy 3.009. Verify that Policy 3.009 contains procedures for determining waivers and refunds. Test a sample of tuition refunds to determine if tuition refunds are being properly calculated. Determine if EIT has made the necessary modifications to the programming of the Student Module in PeopleSoft.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG10 SACS ISSUES: CR 3.10.3 FR 4.7	University records did not provide for adequate accountability over receipts and expenditures of financial aid fees. Collection reported to FDOE did not agree with the accounting records. The debits and credits for financial aid fee transactions recorded in the departmental ledger were out of balance by \$2.7 million.	The University should investigate and resolve records discrepancies and make necessary adjustments to its records to accurately reflect the receipt and use of financial aid fees.	Actions Taken: The Office of Student Financial Aid has made the necessary corrections and that report has been sent to the FDOE. Actions Planned: The Office of Student Financial Aid will periodically review vacancies in the financial aid area.	Financial	<ul style="list-style-type: none"> Obtain copy of the most recent report submitted to FDOE and determine that any differences from the accounting records were properly reconciled. Determine if periodic reviews are being performed. Verify that the ledger for receipts and expenditures of financial aid fees is currently in balance.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG11 SACS ISSUES: CR 2.11.1 CS 3.10.4	The University had not established written policies and procedures governing the use of health, athletic, and transportation access fees. Also, the University's records did not adequately demonstrate accountability for the receipt and expenditure of student activity and service, health, athletic, and transportation access fees.	The University should establish written policies and procedures governing the use of each of these student fees and ensure that disbursements of such fees are properly documented. The University should also investigate and resolve the records discrepancies and make necessary adjustments to its records to accurately reflect the receipt and use of these fees.	Actions Taken: The Division of Student Affairs updated the policies and procedures governing student health, athletic, and transportation access fees. The updated policies and procedures were approved by the Board of Trustees on July 11, 2007. The updated policies and procedures specify how the health, athletic, transportation access, and activity and service fees will be expended for operational expenses, personnel, general programs and other services related to the Student Health Service, Department of Public Safety, Intercollegiate Athletics, and Student Government Association. Actions Planned: The Division of Audit and Compliance will monitor the receipt and expenditure of student activity and service, health, athletic, and transportation access fees as part of the audit plan to ensure compliance with the regulation.	Enterprise	<ul style="list-style-type: none"> Obtain copy of the updated policies and procedures that were approved by the Board of Trustees on July 11, 2007. Inspect the updated policies and procedures and verify that they govern the use of student activity and service, health, athletic, and transportation access fees. Test a sample of disbursements of student activity and service, health, athletic, and transportation access fees and verify that they are properly documented. Obtain general ledger records and determine if the University investigated and resolved the records discrepancies and made necessary adjustments to its records to accurately reflect the receipt and use of these fees.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG12 SACS ISSUES: CR 3.10.4	Numerous employees were not paid timely for work performed. Although the University had made an attempt to identify employees still owed salary for work performed, such efforts could be enhanced. Also, tests disclosed instances in which payments to resolve claims of untimely payments were not supported by documentation evidencing the propriety of such payments.	The University should continue its efforts to identify and pay all employees that are still owed salary payments, and to take additional corrective action, as necessary, to prevent late salary payments from occurring. Such efforts should include sending written directives to all departments requiring them to make appropriate inquiries and perform the necessary research to identify in writing any employees in their departments that may not have been paid for work performed for any pay periods, including those prior to May 2006. The directives should include appropriate guidance regarding the specific procedures to be followed in making the inquiries and performing the research. The head of each department should be required to provide a written description of the inquiries and research, and certify the results to the President. In addition, the University should ensure that all payments, including "on-demand" payments, are orderly maintained and supported by documentation evidencing the propriety of such payments.	Actions Taken: The Budget Office currently verifies funds availability for all employee contracts prior to hiring. A pay calendar highlighting deadline dates to support the hiring process and payroll certifications is sent to the appropriate individuals. The on-demand payment request and procedure was revised so that all requests can be tracked and documented as appropriate. All on-demand requests and proof of payment are being maintained in a separate file and alphabetized by department and employee name. A log has been established to readily track all on-demand payments made by the payroll office. Enhanced training has been provided to all payroll representatives. Actions Planned: The Division of Audit and Compliance will review previous payments as well as the business process. A workshop will be scheduled for deans, department chairs, and directors. Also, appropriate action will be taken for those who have been found to violate hiring processes.	Enterprise	<ul style="list-style-type: none"> Obtain copies of written directives sent to department heads requiring them to make the appropriate inquiries and perform the necessary research to identify in writing any employees in their departments that may not have been paid for work performed. Obtain copies of responses of department heads to the President. Verify that the responses include a written description of the inquiries and research done, and that the results are certified by the department heads. Test a sample of "on-demand" payments for work performed during or after March of 2007 and verify that they are supported by documentation that evidences the payment. Note - AG Operational Audit covers this area. See AG for detail testing of this control. Verify control is still functioning as intended.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG13	The University did not timely implement salary increases for certain employees, and did not promptly resolve resulting salary underpayments.	The University should enhance its procedures to ensure that employees timely receive salary increases to which they are entitled, and ensure that future disputes regarding salary increases are promptly and properly handled. The University should also take immediate action to comply with the settlement agreement by paying amounts owed to the faculty members.	Actions Taken: As of June 1, 2007, all personnel identified in the Operational Audit have been retroactively paid that were due an increase in salary. Actions Planned: The Office of Human Resources has changed the business process involving personnel action requests. As a result of this change, the Division of Audit and Compliance will review the business process to determine if adequate controls are in place to mitigate the risk of any personnel actions not being performed in a timely manner.	Enterprise	<ul style="list-style-type: none"> Obtain the schedule of employees identified in Operational Audit who were due retroactive salary and test sample for proper payment. Determine if the Division of Audit and Compliance has reviewed the business process to determine if adequate controls are in place to mitigate the risk of any personnel actions not being performed in a timely manner.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG14 SACS ISSUE: CS 3.10.4	The University did not always retain adequate documentation for salary payment cancellations or evidence that cancelled payroll warrants were destroyed or defaced.	The University should ensure that salary payment cancellations are properly documented as to reason, and documentation retained evidencing that cancelled payroll warrants were destroyed or defaced.	Actions Taken: The current procedure for salary warrant cancellations is in accordance with the Bureau of State Payroll Guidelines and Procedures. Actions Planned: The Division of Audit and Compliance as part of their audit plan will provide periodic reviews of the salary warrant cancellations process.	Financial	<ul style="list-style-type: none"> Obtain policy for warrant cancellations. Inspect a sample of salary payment cancellations and verify that they are properly documented. Inspect a sample of cancelled payroll warrants and verify that they are destroyed or defaced, and verify that the reason they were destroyed or defaced is included in the supporting documentation.

1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG15	Fingerprinting was not performed for certain employees in positions of special trust or of a sensitive nature.	The University should ensure that fingerprinting is performed for all employees in positions of special trust or of a sensitive nature in accordance with the new policy.	Actions Taken: All parking service, campus law enforcement, and student Child Care Center employees have been fingerprinted and subjected to a level 2 background check by the Florida Department of Law Enforcement. The University developed a draft regulation on employee background screening and fingerprinting that has been approved by the Board of Trustees. Actions Planned: The University will implement procedures based on the final employee background screening and fingerprinting policy adopted by the Board of Trustees. Conduct annual fingerprinting at DRS and the Child Care Center. All new hires after July 1, 2007 in sensitive positions will be fingerprinted and subjected to a background check.	Audit	<ul style="list-style-type: none"> Obtain copy of the fingerprinting policy adopted by the BOT and review for comprehensiveness. Test a sample of employees in positions of special trust or of a sensitive nature to determine that those employees have been fingerprinted through inspection of fingerprint cards and outside vendor records. Review process to identify that records of any employees with criminal records are timely identified, and if warranted, such employees terminated. Verify that new hires are being fingerprinted by inspecting a sample of fingerprint cards of new hires.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG16 SACS ISSUE: CS 3.10.4	University procedures were not adequate to ensure that employee leave records were properly updated for unused leave payments to terminated employees.	The University should enhance its procedures to ensure that employee leave records are properly updated for unused leave payments to terminated employees. The University should also review leave records for all employees who terminated during the 2005-06 fiscal year to determine if leave records were properly adjusted for unused leave payments.	Actions Taken: The Office of Human Resources will review and check the completed and approved clearance forms to ensure that all leave balance adjustments have been applied. Leave payouts will occur within thirty (30) calendar days after receipt of the last salary payment check. The leave balances of paid out employees are zeroed out at the time the final payment check is made. Employees must have satisfied all University debts and obligations prior to a final check being issued. Actions Planned: The Division of Audit and Compliance, as part of the Audit Plan, will review the actions taken to ensure proper updates.	Enterprise	<ul style="list-style-type: none"> Obtain a master list of employee leave balances and verify that employee leave records are updated to reflect payments for unused leave to terminated employees. Test a sample of terminated employees to verify that all leave balances are properly calculated and paid out within 30 days after last salary check.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG17	The University's procedures were not adequate to ensure that required annual performance evaluations were completed in accordance with University rules.	The University should enhance its procedures to ensure that required annual performance evaluations are completed in accordance with University rules.	Actions Taken: The University, on a continuous basis, informs supervisors of the due dates for employee evaluations. Performance evaluation procedures have been updated and supervisors are required to complete employee evaluations. Actions Planned: The Division of Audit and Compliance, as part of the audit plan, will periodically review personnel files to determine the degree of compliance with the updated procedures.	Enterprise	<ul style="list-style-type: none"> Obtain a copy of the updated performance evaluation procedures. Test a sample of employees to determine if annual performance evaluations have been completed.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG18	The University did not always obtain sabbatical leave reports within the timeframe required by the Collective Bargaining Agreement. Also, the University had not established policies and procedures requiring notification and approval changes to planned sabbatical activities.	The University should implement policies and procedures to ensure that sabbatical leave reports are provided in a timely fashion, as required by the Collective Bargaining Agreement, and to provide for changes in planned sabbatical activities to be approved by appropriate University management prior to the sabbatical leave.	Actions Taken: The University now provides reminder notices of the reporting deadlines to faculty members returning from approved sabbatical leave. In addition, the sabbatical schedules will be posted on the University website and it now specifies the deadlines for written reports. Actions Planned: A draft Sabbatical Leave Agreement has been developed for consultation with the appropriate FAMU United Faculty of Florida (UFF) representatives. Consultation will occur before faculty members are officially notified of the 2007-08 sabbatical awards.	Enterprise	<ul style="list-style-type: none"> Obtain copy of policies and procedures and verify that policies and procedures ensure that sabbatical leave reports are provided in a timely fashion, as required by the Collective Bargaining Agreement. Determine that the policies and procedures provide for changes in planned sabbatical activities to be approved by appropriate University management prior to the sabbatical leave.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG19 SACS ISSUE: CR 2.2	The University had not updated written policies and procedures for its Purchasing Department to reflect its new financial system.	The University should continue its efforts to update written policies and procedures for its Purchasing department.	Actions Taken: On December 7, 2006, the Board of Trustees adopted Purchasing Regulations for the University. The regulations are posted on the website. Actions Planned: Updated purchasing policies and procedures consistent with applicable regulations and the new automated financial system will be posted on the Purchasing Department's website upon completion and approval by BOT in September 2007.	Enterprise	<ul style="list-style-type: none"> Review on website the purchasing regulations that were adopted by the BOT on 12/7/06. Review on website the Purchasing Department's updated policies and procedures. Determine whether purchasing cards are permitted and, if so, how they are controlled. Ascertain that the new policies and procedures are consistent with each other and included in the programming of the new financial system.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG20	The University's disbursement processing procedures needed improvement.	The University should ensure that written contracts or purchase orders are used to document the approval of purchases prior to incurring an obligation for payment, and should continue its efforts to ensure that vendors are promptly paid. The university should also ensure that original invoices, or evidence of validated faxed invoices, are retained in support of disbursements.	Actions Taken: Five training sessions on procurement of goods and services were provided to 495 employees in 2006. Vendors are continually reminded, via telephone, vendor application and purchase order, not to provide or continue providing commodity or service without a purchasing order. The University has improved the timeliness of payment processing by amending procedures to require vendors to send invoices directly to the Controller's Office. Actions Planned: The process will be reviewed and tested. Discuss the procedures at the workshop for administrators. Appropriate personnel action will be taken for those found to have been in violation of purchasing procedures up to termination. The procedures will be discussed at the workshop for administrators. Appropriate personnel action will be taken for those found to have been in violation of purchasing procedures.	Enterprise	<ul style="list-style-type: none"> Test a sample of accounts payable and determine that (1) purchases are supported by either purchase orders or written contracts, (2) vendors are being paid on time, and late fees aren't being incurred.

1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG21	University records for payments to medical providers for student athletes were not always complete, and payments were not always timely.	The University should improve the process of record keeping and monitoring payments for medical claims.	Actions Taken: The University has developed draft procedures for the Athletic Business office that addresses timely payment to vendors and accurate record keeping. Actions Planned: The department will designate one account representative to be responsible for tracking the payment process. Medical claims, as part of the audit plan, will be tested to ensure compliance.	Financial	<ul style="list-style-type: none"> Obtain copy of draft procedure (or final if available). Test a sample of payments to medical providers to determine that payments are complete and timely.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG22	The University needed to improve its controls over communication expenses.	The University should ensure that long-distance telephone logs documenting the public purpose of such calls, are maintained in accordance with University procedures. The University should also retain documentation evidencing the need for, and approval of, the assignment of pagers and cell phones to employees.	Actions Taken: None noted. The University will present a policy governing communication uses and expenses for approval by the Board of Trustees. Actions Planned: The University will present a draft policy governing communication uses and expenses for approval by the Board of Trustees. The Office of Enterprise Information Technology will initiate mandatory training covering the new policies and procedures as part of the implementation plan.	Financial	<ul style="list-style-type: none"> Obtain copy of the draft policy governing communication uses and expenses for approval by the Board of Trustees. Obtain a master list of cell phones users. If appropriate, test a sample to determine if this policy is being followed.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG23	The University procedures did not provide for adequate monitoring of cellular telephone (cell phone) usage. Also, the University did not confer with the Florida Department of Financial Services to report to the Internal Revenue Service the value of cell phone services as income for employees who did not make an adequate accounting of the business use of their assigned cell phones. In addition, University personnel did not provide supporting documentation (including cell bills) for cell phone charges selected for audit testing.	The University should revise its procedures to require employees to state the specific business purpose of each call and independent reviews of cell phone bills to determine personal calls made and any needed reimbursements. In the absence of such procedures, the University should confer with FLDFS to report appropriate amounts in income to the IRS in accordance with Federal requirements. In addition, the University should ensure that bills supporting cell phone charges are retained to demonstrate the propriety of such charges.	Actions Taken: The University has a draft policy governing all communication uses and expenses to be approved by the Board of Trustees policy governing all communication uses and expenses was approved by the Board of Trustees. Actions Planned: EIT will initiate mandatory training covering the new policies and procedures as part of the implementation plan.	Enterprise	<ul style="list-style-type: none"> Obtain the draft policy governing all communication uses and expenses to be approved by the Board of Trustees. Inspect documentation regarding any meetings FAMU has had with FLDFS regarding amounts to be reported to the IRS. Test a sample of recent FAMU cell phone bills from different departments and determine that supporting documentation is on file in accordance with the new policy.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG24 SACS ISSUES: CS 3.10.4	Audit tests disclosed instances in which University records did not evidence that travel payments for student meals were actually disbursed to the students.	The University should ensure that travel payments for student meals are properly documented. The University should also ensure that \$4,610 was distributed to the student travelers, as appropriate.	Actions Taken: The Controller's Office has updated their travel procedures to include requirements for "group travel." As a result of these updates, the present process requires students to sign for travel payments when payments are distributed by University chaperones who are traveling with students. The process allows for the student to sign for all meals received and then totals the amount of the cost of per diem for those meals accounted for within that particular event. Actions Planned: The Division of Audit and Compliance will conduct periodic reviews of payments that are being disbursed for student meals.	Financial	<ul style="list-style-type: none"> Test a sample of travel payments for student meals and verify that they are properly documented authorized, and approved.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG25 SACS ISSUES: CR 2.2 AND CS 3.10.4	Payments to some contractors were not made pursuant to signed, and sufficiently detailed, written agreements. Also, the University needed to enhance its procedures to ensure that payments to contractors were for services actually performed and in accordance with agreed-upon terms.	The University should ensure that all payments for contractual services are made pursuant to signed written agreements, and purchase orders where appropriate, clearly establishing the specific responsibilities of the parties to the contracts, and the University's financial obligations, prior to the services being rendered and paid. The University should also enhance its payment processing procedures to ensure payments are for services actually performed and in accordance with agreed-upon terms. In addition, the University should recover the \$4,534 of contractor overpayments.	Actions Taken: Five training sessions on procurement of goods and services were provided to 495 employees in 2006. Vendors are continually reminded, via telephone, vendor application and purchase order, not to provide or continue providing commodity or service without a purchasing order. EIT is in the process of transitioning from the services of the NWRDC. Actions Planned: Review procedures for services, verify overpayments to vendors and contractors, and recover funds. The reporting system and payroll will remain at NWRDC.	Enterprise	<ul style="list-style-type: none"> Determine whether on-going training is being performed to maintain compliance with the policy. Select a sample of payments to Contractors for Services. Determine that payments are supported by purchase orders or written agreements, and that the services were actually performed. Inquire as to whether FAMU was able to recover the \$4,534 of contractor overpayments from 2006.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG26 SACS ISSUE: CR 2.2	The University did not always procure contractual services using the competitive selection process prescribed by Board of Governors regulations and University rules, or properly and timely document that such procurements were exempt from competitive selection requirements. Also, subsequent to the 2005-06 fiscal year, the Board of Trustees changed the University's competitive procurement threshold to an amount that exceeds the limit established by Board of Governors regulations.	The University should ensure that contractual services exceeding \$25,000 are procured using a competitive selection process as required by BOG Regulations, or properly and timely document that such procurements are exempt from competitive selection requirements. Also, the Board of Trustees should revise University Regulation 6.005 to be consistent with Board of Governors Regulation 6C-18.045.	Actions Taken: The competitive selection process was reviewed to determine consistency with BOG policy. Actions Planned: Advise deans, chairs and directors of competitive procurement process. Appropriate personnel action will be taken for those found to have been in violation of procurement procedures up to termination.	Enterprise	<ul style="list-style-type: none"> Test a sample of contractual services exceeding \$50,000 and determine that they are being procured using a competitive selection process as required by BOG Regulations, or proper and timely documentation is provided that such procurements are exempt from competitive selection requirements. Verify through inspection that the BOT revised University Regulation 6.005 to be consistent with Board of Governors Regulation 6C-18.045.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG27	The University did not document its determination of the reasonableness of the labor burden rate the construction management entity applied to construction contracts.	The University should document its determination of the reasonableness of the components of the labor budget costs.	Actions Taken: Procedures have been updated to include a process, whereas, labor burden rates will be documented to reflect the determination of the reasonableness of rates. Actions Planned: The Director of Facilities Planning will review, after contract execution, each project file to verify that the labor burden documentation is included in the construction file.	Enterprise	<ul style="list-style-type: none"> Obtain updated procedures. Test a sample of construction contracts and verify that FAMU documented the components of the labor burden that supports the labor burden charge to FAMU on each contract that is tested as part of our sample. (Is formula based on actual hours worked?)

1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG28 SACS ISSUES: CS 3.10.5	The University's controls over sponsored research contracts and grants needed improvement.	The University should enhance its procedures to ensure that grant transactions are timely posted to the accounting records. The University should also investigate and resolve the differences between the general ledger and the grant subsidiary records to ensure that its records accurately reflect grant expenditures, and ensure that it has billed the grantor the proper amount.	Actions Taken: The indirect cost rate in the PeopleSoft system has been corrected and now reflects the actual expenditures eligible for reimbursement. In addition, the Division of Research is reviewing the indirect costs rates in all contract and grant accounts to make sure they are correct. Working in concert with the Division of Fiscal Affairs, the Division of Sponsored Research is enhancing procedures to ensure that grant transactions are posted to the General Ledger in a timely manner. The Contracts and Grants unit will collect all grant expenditures including payroll from the General Ledger by January 1, 2008. Actions Planned: The Division of Audit and Compliance will periodically review any variances between the General Ledger and the grant subsidiary records to ensure that the records accurately reflect expenditures.	Financial	<ul style="list-style-type: none"> Verify that the difference between the general ledger and the grant subsidiary records has been reconciled as of most recent period end. Test a sample of bills to grantors and determine that FAMU billed the grantors the correct amounts. Select a sample of grants transactions from the general ledger and test the supporting documentation to determine if grant transactions were posted to the accounting records in a timely manner. Inquire as to how the indirect cost rate was calculated. Document.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG29	The University needed to improve accountability over scholarships awarded to students under its Presidential Scholars Program.	The University should implement procedures that provide for an adequate periodic reconciliation of scholarship disbursements per the general ledger to the Office of Student Financial Aid's records.	Actions Taken: The Office of Student Financial Aid has been developed and implemented Scholarship fund reconciliation procedures to ensure monthly and year-end reconciliations are conducted. The Office of Student Financial Aid in concert with the Division of Fiscal Affairs has worked out a timeline whereas the General Ledger report will be submitted by the 5th day of each month to ensure that all reconciliations are performed in a timely manner. Actions Planned: The Division of Audit and Compliance will periodically review the reconciliation process used for scholarship disbursement, comparing the General Ledger against the Financial Aid Office records and the follow-up on any variances within the university book of records	Financial	<ul style="list-style-type: none"> Obtain copy of the procedures. Review general ledger and Office of Student Financial Aid records and verify that scholarship disbursements per the general ledger are reconciled to the Office of Student Financial Aid's records.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG30	The University had not adequately documented that purchases of passenger vehicles were cost effective.	The University should document its efforts to determine the cost effectiveness of passenger vehicle purchases.	Actions Taken: The Board of Trustees has approved a policy, BOT Policy 2006-05 that provides basic guidelines regarding the acquisition, ownership and use of University owned and operated vehicles. Procedures have been developed to implement the policy and to ensure cost-effectiveness in the purchase of University vehicles. Actions Planned: The division of Audit and Compliance will periodically review vehicle purchases for appropriate approvals and compliance with purchasing criteria as outlined in the updated policy.	Enterprise	<ul style="list-style-type: none"> Obtain copy of BOT Policy 2006-05 and review procedures regarding the purchase of passenger vehicles. Obtain property records and test a sample of recent passenger vehicle purchases to supporting documentation. Verify that the supporting documentation includes an analysis of the cost-effectiveness of the purchase.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG31 SACS ISSUE: CS 3.2.8	Vehicle usage logs for University-owned vehicles were not always properly completed or maintained for all months, and generally did not include evidence of supervisory review.	The University should ensure that properly completed vehicle usage logs are maintained for all months and include evidence review by supervisory personnel.	Actions Taken: Effective June 18, 2007, the University implemented a procedure requiring the responsible party to sign and submit, for supervisory review, the completed vehicle log for the prior month. Each department head must ensure that vehicle usage logs are complete and have been reviewed and signed by the appropriate supervisor. Actions Planned: The Division of Audit and Compliance as part of the audit plan will periodically review vehicle logs to determine the level of compliance.	Financial	<ul style="list-style-type: none"> Obtain record of all passenger vehicles. Test a sample of cars and verify that vehicle usage logs are in use, that logs are complete, and that usage has been reviewed and signed by the appropriate supervisor.
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG32 SACS ISSUE: CS 3.2.8	The University needed to enhance its controls relating to grade changes and degree certifications.	The Registrar should maintain and utilize current signature lists to ensure that grade changes and degree certifications are appropriately authorized.	Actions Taken: On an annual basis, the University Registrar will require that all deans and department chairpersons complete the Signature Authorization form. The form will be kept on file in the Office of the University Registrar. Actions Planned: The Division of Audit and Compliance, as part of the audit plan, will periodically review the signature authorization form.	Enterprise	<ul style="list-style-type: none"> Review the process and form currently in place that enables grade changes and degree certifications. Test a sample of grade changes and degree certifications and verify that the proper authorization is on file. Review any internal audits performed on the signature authorization forms.
1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG33	The University did not always timely correct deficiencies noted in fire safety inspection reports.	The University should ensure that fire safety deficiencies are timely corrected.	Actions Taken: A Fire Code Correction Team has been formed and is operating to correct Fire Code Violations in a timely manner; the team, composed of staff from within the Plant Operations and Maintenance Life Safety Electronics Shop, has corrected the cited discrepancies noted within the Operational Audit. The Division of Audit and Compliance has reviewed and verified those instances of Fire Code Violations and determined that corrective action has been performed. The team proactively monitors fire safety to ensure compliance with regulations and to make any necessary corrections. The team's responsibilities include ensuring the following items are operational: emergency lights, exit lights, fire extinguishers, fire alarms, and other fire safety devices. Actions Planned: The Division of Audit and Compliance will periodically monitor fire code violation reports to determine if corrective action has taken place in a timely manner.	Audit	<ul style="list-style-type: none"> Obtain fire safety inspection reports. Select a recent report and determine that corrections are being made in a timely manner.

1.1 - Operational	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG34 SACS ISSUE: CS 3.11.1	The University lacked a sufficiently comprehensive disaster recovery plan that addressed all information technology resources	The University should continue its efforts to establish a current, comprehensive, University-wide disaster recovery plan that addresses all IT resources, including the PeopleSoft systems, and should regularly test the plan's provisions to provide assurance of a timely and orderly resumption of IT operations in the event of an interruption in service.	<p>Actions Taken: On-line PeopleSoft administrative modules have been re-hosted at IBM's Application On-Demand Service Provider. Service level agreements and disaster recovery are included as part of the contract with IBM.</p> <p>Actions Planned: A third party risk assessment will be performed to establish the business risk affecting all computer related systems and data hosted on-campus and off-campus. The University-wide disaster recovery plan will be implemented by December 31 November 30, 2007.</p>	Audit	<p>Obtain evidence that the PeopleSoft system has proper "backup" in the event of a disaster.</p> <p>For other IT systems, obtain a copy of the 3rd party risk assessment.</p> <p>Verify that all critical IT systems have the proper "backup" in the event of a disaster.</p> <p>Inspect reports that document the regular testing of the IT disaster recovery plans. See EIT Issue review work - KW 2/19/2008</p>
1.1 - Operational 1.2-Risk of Fraud/abuse	AG Report 2007-178, FYE 6/30/2006 FAMU Operational Audit	AG35 SACS Issue: CS 3.2.8	Understaffing of certain areas of the University may have contributed to some of the control deficiencies disclosed in the audit report, and may have contributed to the need to use consultants to provide support in key operations areas.	The University should continue its efforts to achieve adequate levels of staffing, and review the cost effectiveness of continuing extensive use of consultants in lieu of hiring additional staff.	<p>Actions Taken: The University has identified its personnel needs and has begun recruitment of qualified candidates to fill vacant positions. The University will continue to evaluate the need for consultant support. The University identified its personnel needs and recruited qualified candidates to fill vacant positions. The Division heads submitted updates on personnel needs in September 2007.</p> <p>Actions Planned: Submit report on status in September and December in critical areas. The University will continue to evaluate the need for consultant support.</p>	Enterprise	<ul style="list-style-type: none"> Obtain a list of all critical positions at FAMU that are currently vacant. Obtain September and December status reports and determine if staffing needs are being met and/or progress is being made. Review FAMU job postings and compare to critical vacant areas. Inquire of human resources personnel as to what specific actions have been taken by FAMU to address staff shortages, and evaluate for adequacy.

AUDIT WORK PLAN

Accretive Solutions

December 3, 2007

Revised: January 15, 2008

Assessed Risk for 12/3/07 Workplan

	Catastrophic Risk
	Major to Catastrophic Risk
	Moderate to Major Risk

"DRAFT"

FAMU Financial Audit No. 2008-016, 6/30/06: Findings/Recommendations/Responses

BOG Task Force	FAMU Financial Audit No. 2008-016, 6/30/06: Findings/Recommendations/Responses						ACCRETIVE WORK PLAN
Task Force Goal.Obj.	Auditor General (AG) Audit Report	#	AG Finding # & Description	AG Recommendation	FAMU Management Response	Responsibility	Validation Process
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG1	The University had numerous financial reporting deficiencies and internal control deficiencies that resulted in a qualified audit opinion. The PeopleSoft system did not always provide reliable financial data.	The University should improve its efforts to ensure the proper recording of transactions, and ensure that amounts reported on the financial statements, and notes thereto, are adequately supported by complete and accurate subsidiary records that are reconciled to the general ledger. The University should also continue to closely monitor and make necessary changes to the PeopleSoft Financials System to accumulate reliable financial data needed to prepare accurate financial statements.	Subsidiary ledgers are scheduled to be fully reconciled with the general ledger by December 2007. In addition, we have placed greater emphasis on implementing effective control processes to ensure that complete and accurate financial data is reported on the University's financial statements.	Financial	<ul style="list-style-type: none"> • Access general ledger and all associated subsidiary ledgers. • Verify that all subsidiary ledgers are reconciled to the general ledger for all material accounts identified in the Financial Audit report as previously unreconciled. • Determine that PeopleSoft is being properly utilized, updated, and/or changed so that reliable financial data needed to prepare accurate financial statements is obtained.
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG2	Numerous journal entries were not adequately supported or no support was available to demonstrate how the journal entry transaction amounts were determined and the purpose of the entries.	The University should ensure that journal entries are properly supported, prepared by authorized employees, and reviewed and approved by authorized supervisory personnel prior to posting to the accounting records.	Proper policies and procedures have been implemented to ensure that all journal entries are properly supported, authorized, reviewed and approved by appropriate personnel.	Financial	<ul style="list-style-type: none"> • Test a sample of recent period journal entries to determine that adequate support exists. RELIANCE PLACED UPON WORK PERFORMED BY STATE OF FLORIDA AUDITOR GENERAL.
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG3	The University prepared a bank account reconciliation for the operating account for each month; however, documentation supporting reconciling items on the reconciliations was not adequate to demonstrate that complete and proper reconciliations had been accomplished.	The University should ensure that bank account reconciliations are timely and properly prepared, that reconciling items are properly investigated, and resolved in a timely manner, and that journal entries resulting from such bank account reconciliations are properly documented.	Bank recs are now scheduled to be completed, reviewed, resolved, and approved in a timely manner. FAMU has re-implemented procedures which will require routine monthly closings. The month-ending reconciliations will be prepared, reviewed, and approved by appropriate staff in the Controller's Office. Additionally, the CFO will receive monthly reports to evidence the work that has been done.	Financial	<ul style="list-style-type: none"> • Obtain bank account reconciliations and verify that they are timely and properly prepared. • Verify that reconciling items are properly investigated, supported with documentation, and resolved in a timely manner. • Verify that journal entries resulting from such bank account reconciliations are properly documented. • Determine that bank reconciliations are being reviewed and approved by someone other than the preparer. • Inspect reports sent to CFO evidencing the work done on bank reconciliations.

1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG4	Records were not maintained to adequately support amounts reported as accounts receivable and deferred revenue related to contracts and grants.	The University should ensure that contract and grant transactions are properly recorded and accounted for, and amounts reported on the financial statements as contracts and grants receivable and deferred revenue are adequately supported by complete and accurate subsidiary records. In addition, the University should investigate and determine the validity of contracts and grants receivable and deferred revenue balances with no recent expense or cash receipt activity.	The subsidiary ledger for Contracts and Grants is scheduled to be fully reconciled with the general ledger by March 2008. In addition, all grants with no activity will be reviewed by November 2007. The Contracts and Grants Department now reports to the Controller's Office.	Financial	<ul style="list-style-type: none"> • Obtain the review of grants with no recent expense or cash receipt activity, which was completed by November 2007. • Obtain general ledger balance of grants receivable and deferred revenue. • Verify that the subsidiary ledger and general ledger for contracts and grants are fully reconciled by March 2008.
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG5	Subsidiary records did not agree with amounts reported as student fee accounts receivable and the related allowance for doubtful accounts, and subsidiary records had not been reconciled to the general ledger.	The University should ensure that student fees accounts receivable transactions are properly recorded and accounted for. The University should also ensure that student fees accounts receivable subsidiary ledgers are reconciled to the general ledger. Additionally, the University should ensure that a reasonable and supportable method is used to determine the allowance for doubtful accounts.	The subsidiary ledger for Accounts Receivable - Student Fees is scheduled to be fully reconciled with the general ledger by September 2007. Also, the BOT has recently approved a policy for write-offs of A/R and the corresponding procedures have been implemented.	Financial	<ul style="list-style-type: none"> • Obtain BOT policy for write-offs of student fees accounts receivable. • Examine support for the allowance for doubtful accounts balance in order to determine that the balance is reasonable. • Verify that the student fees accounts receivable subsidiary ledgers and general ledgers have been reconciled. <p>RELIANCE PLACED UPON WORK PERFORMED BY STATE OF FLORIDA AUDITOR GENERAL.</p>
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG6	Subsidiary records did not agree with amounts reported as loans and notes receivable, and subsidiary records had not been reconciled to the general ledger.	The University should ensure that amounts reported on the financial statements as loans and notes, and interest and dividends receivable, are supported by detailed records maintained by its third-party service company, and which have been reconciled to the general ledger.	All amounts have been fully reconciled to the 3rd-party service company and properly reconciled to the general ledger. Also, accounts will be reconciled on a monthly basis.	Financial	<ul style="list-style-type: none"> • Verify that loans and notes receivable subsidiary ledgers and general ledgers have been reconciled. • Verify that loans and notes receivable and the associated interest and dividends receivable balances are (1) supported by detailed records maintained by the third-party service provider and (2) properly reconciled to the general ledger.
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG7	Amounts reported for capital assets and related depreciation were misstated as a result of several recording errors; tangible personal property capital outlay expenses were not reconciled to additions to the subsidiary property records; and records maintained to support reported capital asset activity contained several errors, resulting in misstatements of amounts reported for construction in progress, buildings, and infrastructure and other improvements. In addition, depreciation expense and accumulated depreciation were misstated, in part, due to problems in recording capital asset data in the PeopleSoft Financials System asset management module from the predecessor accounting system.	The University should ensure that capital outlay expenses are reconciled to property additions to the subsidiary property records. The University should also ensure that amounts reported on the financial statements as capital assets and accumulated depreciation, and related note disclosures, are adequately supported by complete and accurate subsidiary records.	The subsidiary property records will be fully reconciled to the general ledger by September 2007.	Financial	<ul style="list-style-type: none"> • Verify that capital outlay expenses are reconciled to property additions in subsidiary property records. • Verify that subsidiary property records are reconciled to the general ledger. • Verify that amounts reported as capital assets and accumulated depreciation on the financial statements are supported by complete and accurate subsidiary records. • Determine that depreciation expense and accumulated depreciation balances in PeopleSoft are now correct.

1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG8	Records were not adequately maintained to support amounts reported as accounts payable and deposits payable, and amounts reported as accounts payable construction contracts payable, and salaries and wages payable were misstated.	The University should ensure that accounts payable, construction contracts payable, deposits payable, and salaries and wages payable transactions are properly recorded and adequately supported by detailed subsidiary records.	FAMU has implemented procedures to ensure that all payables are accurately recorded. All reconciliations will be completed by September 2007.	Financial	<ul style="list-style-type: none"> Test a sample of accounts payable, construction contracts payable, deposits payable, and salaries and wages payable transactions and determine that they are properly recorded and adequately supported by detailed subsidiary records. <p>RELIANCE PLACED UPON WORK PERFORMED BY STATE OF FLORIDA AUDITOR GENERAL.</p>	
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG9	The University had not provided for an adequate separation of duties, or established adequate compensating controls, in certain areas of its operations.	The University should separate duties so that no one employee has control of all aspects of a transaction (i.e., both recording responsibility and custody of assets), or implement compensating controls.	Additional staff has been hired and procedures have been implemented to ensure that adequate separation of duties exists.	Financial	<ul style="list-style-type: none"> Review current organization chart in Finance to identify all key areas where duties must be separated. Observe Finance department activities to verify organization per the Org Chart. 	
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	A10	Part of EIT Action Plan. Not within the scope of this review.					
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	A11	Part of EIT Action Plan. Not within the scope of this review.					
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	A12	Part of EIT Action Plan. Not within the scope of this review.					
1.3 - Financial	AG Report 2008-016, FYE 6/30/2006 FAMU Financial Audit	AG13	The results of our (AG) tests disclosed no instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i> , other than the University's compliance with certain debt administration requirements related to bonded indebtedness.	The University should ensure compliance with building maintenance and equipment reserve requirements for auxiliary revenue bonds, and remittance of capital improvement and building fees to FDOE for State University System revenue bonds.	The University has allocated the appropriate reserve amounts for the bonds and remitted all fees due to the Florida Department of Education.	Financial	<ul style="list-style-type: none"> Obtain documentation that shows building maintenance and equipment reserve requirements for auxiliary revenue bonds, and remittance of capital improvement and building fees. Obtain evidence that the University has allocated the appropriate reserve amounts for the bonds and remitted all fees due to the Florida Department of Education. 	

AUDIT WORK PLAN

Accretive Solutions

December 3, 2007

Revised: January 15, 2008

Assessed Risk for 12/3/07 Workplan

	Catastrophic Risk
	Major to Catastrophic Risk
	Moderate to Major Risk

"DRAFT"

FAMU Financial Audit No. 2008-050, 6/30/07: Findings/Recommendations/Responses

FAMU Financial Audit No. 2008-050, 6/30/07: Findings/Recommendations/Responses						ACCRETIVE WORK PLAN	
BOG Task Force	Auditor General (AG) Audit Report	#	AG Finding # & Description	AG Recommendation	FAMU Management Response	Responsibility	Validation Process
1.3 - Financial	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG1	The University had several errors in the 2006-07 fiscal year preliminary financial statements, including: Understatement of compensated absences payable, overstatement of Due From State receivable, understatement of student services expenses, and omission of a note disclosure related to operating leases.	The University should continue its efforts to strengthen procedures for preparing its financial statements, and to make enhancements to the PeopleSoft Financials System.	We concur with the recommendation. The examples cited were due to oversight or clerical errors. To strengthen the accuracy of financial reporting, the University has hired and is continuing to hire experienced personnel with institutional and accounting knowledge. The University has launched a comprehensive analysis of the data in PeopleSoft and the account structure used to drive the accounting transactions which will enhance the preparation of the annual financial statements. Additionally, the University is providing training to accounting personnel both in the proper use of PeopleSoft and the appropriate account codes for accounting transactions. The University has also contracted with PeopleSoft consultants, who have extensive experience with PeopleSoft to identify enhancements that need to be made to the University's PeopleSoft Financials System.	Financial	<ul style="list-style-type: none"> For a sample of employees, test to ensure annual leave limitations have been properly applied. Document the qualifications of personnel hired. Document the review and analysis of data calculated outside of PeopleSoft; evaluate progress. Document and evaluate controls designed to ensure financial statements will provide fair and accurate information, in accordance with GAAP. Document training offered; evaluate controls designed to ensure those in need of training have received it. Evaluate the use of PeopleSoft consultants.
1.3 - Financial	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG2	The University did not perform monthly bank account reconciliations for the operating and four other bank accounts, and reconciling items were not always timely resolved through adjustments to the general ledger. Also, our review of the June 2007 consolidated bank account reconciliation disclosed immaterial errors.	The University should ensure that bank account reconciliations are timely and properly prepared, that reconciling items are properly investigated, and resolved in a timely manner, and that journal entries resulting from such bank account reconciliations are properly documented.	We concur with the recommendation. The University has begun reconciling all bank statements on a monthly basis and correcting the reconciling items. Furthermore, the University is developing a separate reconciliation section with qualified personnel within the Controller's Office to ensure that all reconciliations are properly completed and recorded.	Financial	<ul style="list-style-type: none"> Obtain recent bank account reconciliations and verify that they were timely and properly prepared. Verify that reconciling items were properly investigated, supported with documentation, and resolved in a timely manner. Verify that journal entries resulting from such bank account reconciliations are properly documented and have been posted to the General Ledger. Determine that bank reconciliations are being reviewed and approved by someone other than the preparer. Inspect reports sent to CFO evidencing the work done on bank reconciliations. Document controls designed to ensure reconciliations are performed on a timely basis going forward. Determine status of new Reconciliation section of the Controller's Office.

1.3 - Financial	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG3	Subsidiary records supporting amounts reported as accounts receivable and deferred revenue related to contracts and grants contained errors that resulted in an understatement of the amount reported as net assets on the financial statements. Also, the validity of some of the contracts and grants balances included in the subsidiary records was questionable because the contract's or grant's period of availability had ended several months prior to fiscal year end.	The University should ensure that contract and grant transactions are properly recorded and accounted for, and amounts reported on the financial statements as contracts and grants accounts receivable and deferred revenue are adequately supported by complete and accurate subsidiary records. In addition, the University should investigate and determine the validity of contracts and grants receivable and deferred revenue balances.	We concur with the recommendation. The University understands the need to review the contracts and grants operations. We have developed a work plan for a thorough review of each contract and grant project which will include closing out any expired contract or grant and completing any necessary reporting to the grantor agency. The staff will initiate this work plan in the current fiscal year by hiring a temporary consultant with expertise in contract and grant operations and by hiring permanent staff with the same expertise.	Financial	<ul style="list-style-type: none"> • Document and evaluate controls designed to ensure each contract and grant project is reviewed. • Obtain general ledger balance of grants receivable and deferred revenue. • Verify that the subsidiary ledger and general ledger for contracts and grants are fully reconciled by March 2008. • Review a current list of contract and grant projects for any that may have expired or been completed. • Document and evaluate qualifications of temporary consultant and permant staff hired.
1.3 - Financial	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG4	Subsidiary records supporting amounts reported as loans and notes receivable, and interest and dividends receivable, had not been reconciled to the general ledger.	The University should ensure that proper reconciliations between the general ledger and the service company's records are timely prepared, and reconciling items timely investigated and resolved.	We concur with the recommendation. The University recognizes the need for monthly reconciliations and this has been appropriately addressed. Furthermore, the University is developing a separate reconciliation section with qualified personnel within the Controller's Office to ensure that <u>all</u> reconciliations are properly completed and recorded.	Financial	<ul style="list-style-type: none"> • Verify that loans and notes receivable subsidiary ledgers and general ledgers have been reconciled. • Verify that loans and notes receivable and the associated interest and dividends receivable balances are (1) supported by detailed records maintained by the third-party service provider and (2) properly reconciled to the general ledger. • Verify all adjustments posted for financial reporting purposes have been posted to the General Ledger. • Inquire as to the resolution of the \$284k discrepancy from prior year's 'never posted to GL'.
1.3 - Financial	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG5	Amounts reported for capital assets and related depreciation were misstated as a result of several recording errors. (Construction-related expenses were incorrectly recorded as operating expenses and were not capitalized; the schedule of construction in progress included five projects that had been completed; multiple misstatements occurred in the depreciation expense and accrued depreciation categories.)	The University should enhance its procedures to ensure that amounts reported on the financial statements as capital assets and accumulated depreciation, and related note disclosures, are complete and accurate.	We concur with the recommendation. The finding regarding capital assets represents a reclassification from one asset class to another asset class or a reclassification from capital expense to nonoperating expenses (repairs and maintenance) or vice versa. In addition, since the Asset Management module was not functioning properly, the depreciation was calculated using spreadsheets resulting in errors in the depreciation calculation errors. Currently, we are in the process of fixing/debugging the interface of the asset management module with the general ledger. This will negate any reliance on spreadsheets for year-end reporting. We have also hired an accounting coordinator that will provide stronger communication between facilities planning and the controller's department.	Financial	<ul style="list-style-type: none"> • By testing samples for each: <ul style="list-style-type: none"> ▸ Verify that capital outlay expenses are reconciled to property additions in subsidiary property records. ▸ Verify that subsidiary property records are reconciled to the general ledger. ▸ Verify that amounts reported as capital assets and accumulated depreciation on the financial statements are supported by complete and accurate subsidiary records. • Determine that depreciation expense and accumulated depreciation balances in PeopleSoft are now correct. • Review work done to correct the interface. • Identify and review any spreadsheets still in use for Asset Management. • Evaluate the qualifications of the accounting coordinator. • Evaluate steps taken to improve communication between facilities planning and the controller's department. • Review policy for determining when a construction process is complete and is moved to capital assets.

1.3 - Financial	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG6	The University had not provided for an adequate separation of duties, or established adequate compensating controls, in certain areas of its operations. In three instances an employee had access to both physical assets and he related accounting records, or to all phases of a transaction.	The University should separate the duties of creating new records for employees and making pay rate and deduction changes, and should document that the independent review of journal entries is performed by an employee that doesn't have the ability to both approve and post journal entries.	We concur with the recommendation. Although a portion of this finding was corrected, the University is conducting a thorough review of security access for all staff. This entails removing access from all staff and reissuing new security access that clearly aligns and is applicable to their respective job functions. This is scheduled to be completed by January 2008.	Financial	<ul style="list-style-type: none"> • Review current organization chart in Finance to identify all key areas where duties must be separated. • Observe Finance department activities to verify organization per the Org Chart. • For a sample of staff, review security access authorities for potential conflicts. • Review documentation of progress made in this area.
	AG Report 2008-050, FYE 6/30/2007 FAMU Financial Audit	AG7	Part of EIT Action Plan. Not within the scope of this review.				

AUDIT WORK PLAN

Accretive Solutions

December 3, 2007

Revised: January 15, 2008

Assessed Risk for 12/3/07 Workplan

Catastrophic Risk

Major to Catastrophic Risk

Moderate to Major Risk

"DRAFT"

Compliance and Internal Controls Over Financial Reporting and Federal Awards in Accordance with GAS and OMB Circular A-133 for FY Ending 6/30/06

BOG Task Force				ACCRETIVE WORK PLAN		
Task Force Goal/Obj.	Auditor General (AG) Audit Report	#	AG Finding # & Description	AG Recommendation	FAMU Management Response (Summary from official A133 Audit Report)	Validation Process
	AG Report 2007-146 OMB Circular A-133 Audit	FS 06-017	FAMU didn't have adequate procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were classified correctly, were complete and accurate, and were supported by accounting records.	Implement adequate procedures to ensure that information reported on the SEFA is complete, accurate, and supported by the accounting records.	FAMU reconciled the SEFA to the accounting records and re-submitted it. FAMU is developing additional procedures and an internal control checklist.	<ul style="list-style-type: none"> Obtain updated procedures that ensure that information reported on the SEFA is complete, accurate, and supported by the accounting records. Obtain FAMU's reconciliation that ties the SEFA to the accounting records. Obtain FAMU's internal control checklist and verify that the proper controls are on this document.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-083; PY Report No. 2006-152, Finding No. FA 05-088	FAMU wasn't administering the Title IV Higher Education Act Federal programs in compliance with the Standards of Administrative Capability.	Continue efforts to review the administration and delivery processes and make appropriate changes to meet the administrative capability standards of the Title IV HEA programs. Ensure there are adequate resources, including trained staff.	The Office of Financial Aid reviewed the Standards of Capability and developed new policies and procedures based upon them. The department was restructured and staffed with experienced personnel. New internal controls were implemented to provide ongoing reconciliation processes.	<ul style="list-style-type: none"> Obtain the new policies and procedures manual. Verify that monthly reconciliations of the institution's program accounts to Federal records for drawdowns and disbursements, to bank statements, and to accounting records.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-084; PY Report No. 2006-152, Finding No. FA 05-089	FAMU didn't have adequate procedures to prevent Title IV HEA funds from escheating to a third party, State, or institutional coffers. \$39,335 needs to be returned to Federal programs.	Continue efforts to implement revised procedures to ensure that unclaimed Title IV funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written are promptly returned to applicable Federal programs.	FAMU substantially addressed the issues surrounding this finding over the past year, as it relates to strengthening the policies and procedures as well as returning the funds to the DOE. FAMU is addressing the remaining returns and as a result of an additional requirement from the DOE, FAMU is reissuing the returned funds check so that there is one check for each of the two years addressed in the prior year audit. In addition, FAMU is addressing the return of funds for the current year as required by the DOE.	<ul style="list-style-type: none"> Obtain updated procedures and verify that they ensure that unclaimed Title IV funds contained in checks that remain unnegotiated after 180 days after the dates the checks are written are promptly returned to applicable Federal programs, and not returned to third party, state, or institutional coffers. FAMU reissued checks for monies to be returned to the Feds for the past 2 years - one check for each year. Inspect these checks and verify that the supporting documentation supports the amounts of the checks. Verify what FAMU is doing with the return of Federal money for the current year.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-085; PY Report No. 2006-152, Finding No. FA 05-095	Federal Perkins Loan (FPL) funds weren't deposited into an interest-bearing account. FAMU also didn't transfer any interest earned on FPL cash balances into the FPL account during fiscal year 2005-06.	Deposit funds into an interest-bearing account. Determine the FPL cash balance in the SPIA and record the cash balance into the FPL account in its accounting system. Calculate the amount of interest earned on FPL cash balances in bank and investment accounts and transfer that interest into the FPL program account.	FAMU has opened a new bank account for FPL funds. All FPL transactions are now entered in the general ledger. Interest income is now being calculated and recorded.	<ul style="list-style-type: none"> Verify that FPL funds are now held in an interest-bearing account. For FPL funds that earned interest in 2005-2006 in a commingled account: <ul style="list-style-type: none"> Verify that the interest earned was transferred into the new FPL account. Verify the interest calculations were correctly made.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-086; PY Report No. 2006-152, Finding No. FA 05-090	FAMU hadn't fully implemented procedures to ensure that Title IV HEA program accounts were reconciled to the Federal records of draws and expenditures.	Continue efforts to revise the reconciliation process and enhance controls to ensure that accurate and complete reconciliations are done each month. Reconcile the FY 2005-06 accounts and resolve reconciling items.	Procedures have been enhanced to ensure that recs are done monthly for FY 2006-07. The assistant controller will review bank recs every month. Recs will be sent to the Office of Financial Aid for review before programs end. Each office will reconcile, make adjustments, and transmit accurate figures to the general ledger.	<ul style="list-style-type: none"> Verify that Title IV HEA programs accounts are being reconciled monthly to the Federal records of draws and expenditures.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-089; PY Report No. 2006-152, Finding No. FA 05-096	FAMU didn't always review and approve time worked; did not always review and document satisfactory academic progress and FSEOG eligibility prior to Title IV Higher Education Act (HEA) funds disbursements; did not always check enrollment status for FDSL loan borrowers; awarded students who were in default on FDSL student loans; awarded amounts in excess of the aggregate FDSL loan limits; and paid excess PELL grant amounts. Also, FAMU didn't recalculate PELL amounts.	FAMU should strengthen its procedures to ensure that awards of Title IV HEA funds are properly determined and documented. Also, FAMU should return \$47,941 (\$5,000 SEOG, \$2,136 FWS, \$9,618 PELL, \$11,073 FDSL subsidized, and \$20,114 FDSL unsubsidized) to the appropriate Federal programs, and pay the remaining \$775 PELL grant award to the student who was underawarded.	FAMU developed measures to drastically reduce instances of over and underpayment of disbursements. They did their own random sample of 20 student files and found no instances of non-compliance. FAMU is returning the \$47,941 of questioned costs.	<ul style="list-style-type: none"> Take a sample of Title IV of HEA funds awarded to students and verify that the amount of the awards were properly determined and documented. Verify that FAMU has returned to the appropriate Federal programs.

AG Report 2007-146 OMB Circular A-133 Audit	FA 06-094; PY Report No. 2006- 152, Finding No. FA 05-100	FAMU did not always document the required disbursement notification of FDSL and FPL loan borrowers during the 2004-05 fiscal year.	Continue efforts to implement procedures to ensure that FDSL and FPL borrowers receive the required notification timely when crediting a student's account with FDSL or FPL funds, and that the notification is documented.	Effective FY 2006-2007 FAMU discontinued participation in the FDSL program and switched to the FFEL program. To comply with 34 CFR 668.165(a) the Office of Student Accounts will implement policies and procedures to: I. Notify a Federal PLUS borrower when the institution credits the loan proceeds to the student's account; II. Inform FFEL borrowers whose loan proceeds are disbursed to the institution by master check or electronic funds transfer (EFT) and all Federal Perkins Loan borrowers of their right to cancel all or a portion of the loan; Document requests by borrowers to cancel all or reduce a Federal Perkins Loan or an FFEL Program loan, including the borrower's deadline for making the request; IV. Notify the borrower of the outcome of a Federal Perkins Loan or FFEL Program loan cancellation request. Should the crediting of a Federal PLUS to the student's account result in a Title IV credit balance on the student's account, the institution will obtain the borrower's authorization either to hold the loan proceeds on the student's account or to release them to the student. No authorization is required	<ul style="list-style-type: none"> Take a sample of all student or parent FDSL, or student FPL borrowers, and verify that the required notification was mailed out within 30 days before or after crediting a student's account with FDSL or FPL funds.
AG Report 2007-146 OMB Circular A-133 Audit	FA 06-095; PY Report No. 2006- 152, Finding No. FA 05-102	FAMU did not always accurately calculate and timely return unearned Title IV HEA funds to applicable Federal programs for those students who officially withdrew prior to the 60 percent point of the payment period. FAMU's new accounting and records systems were intended to identify these students, calculate a return of Title IV HEA funds, and return the funds to the program, it did not function as intended.	Continue efforts to implement procedures to ensure the identification of students who officially withdraw, and the accurate calculation of and timely return of funds to applicable Federal programs. Also, official withdrawals for the 2005-06 award year should be reviewed after the new procedures are implemented, and Title IV HEA funds returned, as applicable.	The Office of Financial Aid has developed a procedure to coordinate the timely return of the institutional portion of unearned funds to the Title IV programs when a student withdraws before completing the period of enrollment. On a weekly basis, Financial Aid will run (FATIVRTN) a program from the student information system (PEOPLESOFT), which will compile a list of withdrawn students. A return of Title IV funds calculation will be performed to determine FAMU's liability and if funds are required to be returned.	<ul style="list-style-type: none"> Obtain the new procedures. Obtain the list of withdrawn students. Take a sample of students who withdrew before the 60 percent point of the payment period and verify that the funds were returned to applicable Federal programs.
AG Report 2007-146 OMB Circular A-133 Audit	FA 06-096; PY Report No. 2006- 152, Finding No. FA 05-103	FAMU didn't implement adequate procedures to ensure the accurate calculation and timely return of unearned Title IV HEA funds to applicable Federal programs for students who ceased attendance without officially notifying the institution of their withdrawal. Although FAMU's new accounting and records systems were intended to identify these students, calculate a return of Title IV HEA funds, and return the funds to the program, it did not function as intended.	Continue efforts to implement procedures to ensure the accurate calculation of unearned Title IV HEA funds for students who unofficially withdraw and timely return funds to the applicable Federal programs. Unofficial withdrawals for the 2005-06 award year should be reviewed after the new procedures are implemented, and Title IV HEA funds returned, as applicable.	The Office of Financial Aid has developed a procedure to coordinate the timely return of the institutional portion of unearned funds to the Title IV programs when a student withdraws before completing the period of enrollment. On a weekly basis, Financial Aid will run (FATIVRTN) a program from the student information system (PEOPLESOFT), which will compile a list of withdrawn students. A return of Title IV funds calculation will be performed to determine the institution's liability and if funds are required to be returned. For students that receive all failing, incomplete, and/or withdraw grades during a term, the Office of Financial Aid will request a list from the Registrar at the end of each term, to determine if the student attended classes; and ascertain if the Return of Title IV process should be performed.	<ul style="list-style-type: none"> Verify that FAMU is accurately calculating the amount of unearned Title IV HEA funds for students who unofficially withdraw, and ensure that the monies are returned to applicable Federal programs.
AG Report 2007-146 OMB Circular A-133 Audit	FA 06-097; PY Report No. 2006- 152, Finding No. FA 05-104	FAMU had implemented new accounting and records systems that were intended to replace the grade roster procedure to document attendance in at least one class for students who received Title IV HEA funds and received all failing, incomplete, and withdraw grades. However, the system did not operate as intended.	Continue efforts to implement procedures to document attendance in at least one class by students who received Title IV HEA funds. In addition, the institution, for all students who received Title IV HEA funds, should review attendance during the 2005-06 award year after the new procedures are implemented, and return any Title IV HEA funds, as applicable.	The University has implemented procedures to document class attendance for all students effective the 05-06 academic year. These procedures will be reviewed and refined to ensure that class attendance is documented for students who receive failing, incomplete, and withdraw grades.	<ul style="list-style-type: none"> Verify that the new accounting and records system documents attendance in at least once class for students who receive Title IV funds.
AG Report 2007-146 OMB Circular A-133 Audit	FA 06-098; PY Report No. 2006- 152, Finding No. FA 05-105	AG review of NSLDS records for 14 FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time during the Fall 2005 or Spring 2006 terms, disclosed the following: • For 13 of the 14 students, the enrollment status changes were reported to NSLDS from 30 to 215 days late. • For 3 of the 14	The institution should enhance its procedures to monitor FDSL student loan borrowers' enrollment status changes to ensure timely and accurate reporting to NSLDS.	FAMU (effective December 2006) revised its reporting schedule to the Clearinghouse (which reports to NSLDS on behalf of the University) to report student enrollment status every two weeks. The University is also evaluating reporting student status changes directly to NSLDS by the beginning of the Fall 2007 semester.	<ul style="list-style-type: none"> Take a sample of student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time during a semester. Verify that enrollment status changes are reported on time. Verify that the enrollment status of the students was reported correctly.

	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-099; PY Report No. 2006- 152, Finding No. FA 05-106	In AG Report No. 2006-152, finding No. FA 05-106, the AG noted that FAMU's established exit counseling procedures were not adequate during the 2004-05 fiscal year to ensure that exit counseling for FDSL student loan borrowers was completed as required. Although FAMU's new accounting and records systems were intended to identify students that required exit counseling, it didn't function as intended.	FAMU should continue its efforts to implement procedures to monitor FDSL student loan borrower enrollment status changes to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days for a student ceasing at least half-time enrollment. Also, FAMU, for all FDSL student loan borrowers, should review attendance during the 2005-06 award year and provide exit counseling, as applicable.	Student borrowers of FFEL are notified in writing of the exit counseling requirement and are instructed to go to the Mapping Your Future's Web site to complete exit counseling. If the student completes exit counseling, a file is retrieved from Mapping Your Future's web site and uploaded to PEOPLESOF by a designee in the Office of Financial Aid. For students that do not complete exit counseling, an open item will remain on the student's financial aid to do list. After 30 days from the initial correspondence, a packet of counseling materials will be sent through the USPS to ensure that each student borrower has been provided counseling materials and that the student participates in and completes exit counseling as required.	<ul style="list-style-type: none"> Take a sample of FDSL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time. Verify that each student was provided with exit counseling or with exit counseling materials.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-100; PY Report No. 2006- 152, Finding No. FA 05-107	In AG Report No. 2006-152, finding No. FA 05-107, the AG noted that FAMU's established exit counseling procedures were not adequate during the 2004-05 fiscal year to ensure that exit counseling for FPL student loan borrowers was completed as required. Although FAMU's new accounting and records systems were intended to identify students that required exit counseling, it did not function as intended.	FAMU should continue its efforts to implement procedures to monitor FPL student loan borrowers' enrollment status changes to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days for a student ceasing at least half-time enrollment. Also, FAMU, for all FPL student loan borrowers, should review attendance during the 2005-06 award year and provide exit counseling, as applicable.	To comply with 34 CFR 674.42 (Exit Interview), the student borrowers of FPL are notified in writing of the exit counseling requirement and are instructed to go to the Mapping Your Future's Web site to complete exit counseling. If the student completes exit counseling, a file is retrieved from Mapping Your Future's web site and uploaded to PEOPLESOF by a designee in the Office of Financial Aid. For students that do not complete exit counseling, an open item will remain on the student's financial aid to do list. After 30 days from the initial correspondence, a packet of counseling materials will be sent through the USPS to ensure that each student borrower has been provided counseling materials and that the student participates in and completes exit counseling as required.	<ul style="list-style-type: none"> Take a sample of FPL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time. Verify that each student was provided with exit counseling or with exit counseling materials.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-112	FAMU didn't adequately monitor indirect cost charges on Federal grants to ensure documentation was on file to evidence that amounts charged were valid, reasonable, and necessary.	FAMU should enhance its procedures to monitor and maintain documentation supporting the reasonableness and allowability of indirect charges to Federal projects.	Procedures have been enhanced to monitor and maintain documentation supporting indirect cost charges. Copies of the General Ledger 1(GL1), General Ledger Activity Report and the Legacy Payroll History File will be maintained as documentation to support the indirect cost charges. The revised final financial status report was submitted for RBS-03-028. The enhanced procedures will be continued for the on-going Federal grants NAG3-2786 and EGA-A-00-03-00002.	<ul style="list-style-type: none"> Take a sample of indirect cost charges on Federal grants and verify that the supporting documentation is on file and evidences that amounts charged were valid, reasonable, and necessary.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-115	The institution's procedures were not adequate for determining the amount of interest earned on excess Federal funds and timely remitting the interest to the U.S. Department of Health and Human Services (USDHHS).	FAMU should establish procedures to determine and calculate interest earnings on Federal grant moneys and, if applicable, remit interest earnings in excess of \$250 annually to USDHHS.	Where applicable, interest will be computed on awards on a monthly basis. Total interest in excess of \$250 will be returned to the appropriate Federal agency on a yearly basis as required by 2 CFR Part 215, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.	<ul style="list-style-type: none"> Obtain the procedure for determine and calculate interest on Federal grant moneys. Obtain calculation of interest and verify that interest is being calculated correctly.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-120; PY Report No. 2006- 152, Finding No. FA 05-130	FAMU's procedures did not always ensure the completeness and accuracy of information reported to Federal agencies.	FAMU should enhance its monitoring procedures to ensure the accuracy of financial information reported to Federal agencies, and correct prior reports as applicable.	FAMU has enhanced its monitoring procedure to ensure the accuracy of the financial information reported to Federal agencies. Contracts and Grants will generate several General Ledger monitoring reports to ensure that the information reported to Federal agencies is accurate. Prior reports that required correction have been completed.	<ul style="list-style-type: none"> Verify that financial reports sent to Federal agencies, which show revenue and disbursement amounts, agree with FAMU's accounting records.
	AG Report 2007-146 OMB Circular A-133 Audit	FA 06-122; PY Report No. 2006- 152, Finding No. FA 05-119	While FAMU had developed written grant closeout procedures, FAMU's accounting and grant records reflected numerous expired contract and grant accounts that had not been closed by the institution.	FAMU should enhance its efforts to review and monitor contract and grant accounts to ensure that balances do not remain in expired accounts and that such accounts are closed in accordance with grant terms.	FAMU will enhance its efforts and procedures to monitor and review the close-out process to ensure that the balances do not remain in expired accounts. The Contracts and Grants Office of the Controller will review the current cash account codes (121000, 120000, and 112000) to determine balances to be transferred to the balance account project (to be established). FAMU plans to transfer all funds in accounts 121000 into account 112000 and eliminate 121000. FAMU will also ensure that in determining the cash balance for projects we use accounts 112000 as well as 120000 to close accounts in accordance with grant terms.	<ul style="list-style-type: none"> Inspect the accounting and grant records and verify that expired contract and grant accounts are being properly closed in accordance with grant terms.