



The Report of the Board of Governors
Task Force on FAMU Finance and
Operational Control Issues

“RESTORING PUBLIC TRUST”

March 3, 2008



BOARD OF GOVERNORS STATE UNIVERSITY SYSTEM OF FLORIDA

TASK FORCE ON FAMU FINANCE & OPERATIONAL CONTROL ISSUES

Table of Contents		Page
I.	Executive Summary	—
II.	Introduction – Vision, Mission, Goals and Objectives	—
	A. Background	—
	B. Methodology, Approach, Organizational Structure	—
III.	Validation and Verification	—
	A. Financial	—
	B. Operational	—
	C. Information Technology	—
	D. Internal Control/Governance	—
IV.	Board of Trustees: Best Practices	—
V.	Conclusions and Recommendations	—
	Acknowledgements	—



BOARD OF GOVERNORS STATE UNIVERSITY SYSTEM OF FLORIDA

TASK FORCE ON FAMU FINANCE & OPERATIONAL CONTROL ISSUES

I.

EXECUTIVE SUMMARY

The Task Force on FAMU Finance and Operational Control Issues was created on March 23, 2007, by the Board of Governors for the State University System of Florida (Board) and charged with responding to a crisis in trust triggered by a series of highly critical audits, which indicated Florida A&M University (FAMU or University) had failed to manage its fiscal affairs and operations in an efficient and effective manner. The audits identified serious deficiencies in the financial, operational, management and information technology processes. In addition, on June 28, 2007, just prior to the start of a new administration headed by President James H. Ammons, the University was placed on probation by the Southern Association of Colleges and Schools citing among other things, material weakness in the financial operations of the University.

The Board's prime directive to the Task Force was to conduct a comprehensive review of FAMU's operations in a manner consistent with the State University System's mission to govern and advance. The Board sought and received a special appropriation from the Florida Legislature. The special appropriation mandated that the Task Force conduct "a comprehensive program to report on fiduciary policy and procedures" and to had to accomplish this assessment in an independent and objective manner designed to demonstrate accountability.

On July 19, 2007, the Task Force, comprised of nine individuals, including two members of the Board, and the Chair of the FAMU Board of Trustees, adopted an Action Plan based on these principles. The Report of the Task Force submitted today concludes that the overwhelming majority of the deficiencies in FAMU's fiscal management, operations, governance internal controls and information technology are being effectively addressed. This conclusion is based upon a review conducted by the Task Force staff, including an auditing service firm engaged to validate and verify whether the corrective actions implemented by the University are in fact working.

Our Report by no means renders a judgment on all issues or concerns raised by other evaluations or assessments. This is due in part to the complexity of issues raised; the limited period of time the University's new administration has been in place; and the necessity for the Task Force to coordinate its review with audits being conducted by the Auditor General. For example, the corrective actions in the information technology area

must be in place for many months before a conclusion can be supported that all problems have been resolved.

We believe adequate, reasonable and effective controls have been implemented by the University, which effectively address the vast majority of issues raised by previous operational and financial audits. Based upon the comprehensive validation and verification process conducted on the University's Corrective Action Plan, we believe that FAMU has established the foundation to restore financial and operational integrity.

The Task Force recommends that:

1. FAMU continues to improve the implementation of its corrective actions, especially in the area of fiscal management, and the transition to the PeopleSoft System.
2. The unencumbered balance of the special appropriation is utilized to assist the University in the development and improvement of its operations in the area of Contracts and Grants and Information Technology.
3. The Task Force continue to monitor until June 30, 2008, those projects not completed, including but not limited to the validation and verification of the FAMU Enterprise Information Technology Plan.
4. The Task Force adopt, by reference in its Report, the conclusions and recommendations contained in the report prepared by Accretive Solutions, including recommending FAMU submit on a semi-annual or annual basis a certification by the President, that implementation of the Corrective Action Plan remains effective.

To the Governor of the State of Florida, the President of the Senate, the Speaker of the House and the Board of Governors, we respectfully submit the Report of the Task Force on FAMU Finance and Operational Control Issues, "Restoring Public Trust."

II. INTRODUCTION

The Task Force on FAMU's Financial Control Issues was established by the Board of Governors (BOG) on March 29, 2007. Its mandate, as stated by Chair Carolyn Roberts, was to assist FAMU in responding and resolving critical fiscal and operation deficiencies identified in a series of audits conducted by the Florida Auditor General.

The Task Force was comprised of individuals with expertise in higher education, finance, accounting, and business operations. M. Lynn Pappas, a member of the BOG, served as Chair; former Chief Justice Leander J. Shaw, Jr., served as Vice-Chair; as well as one member of the FAMU Board of Trustees.

In May of 2007, the Legislature approved a special appropriation of one million dollars (\$1,000,000), to the Board of Governors for the purpose of conducting a comprehensive review of the FAMU's fiscal and management operations. The Special Appropriation directed the Board of Governors to appoint a special committee to conduct this review with the goal of restoring public trust in FAMU, in light of numerous audit findings, which identified weakness in the financial, management, and information technology operations of the University. Among other things, the special appropriation mandated the issuance of a report by the Board of Governors Task Force no later than March 1, 2008. This Report would summarize its findings and recommendations.

On July 19, 2007, FAMU's new President, Dr. James H. Ammons, formally submitted to the Task Force his administration's Corrective Action Plan (CAP). He emphasized the need to identify the root cause for the problems revealed by previous audits, and addressing serious issues raised by the Southern Association of Colleges and Schools (SACS) on June 28, 2007, when it placed FAMU on probationary status.

On July 19, 2007, the Task Force adopted an Action Plan based on an intense review and fact gathering process which included presentations from the previous FAMU interim President, the Auditor General, the Board of Governors Staff and the review of voluminous documents, audits, and other records. The Task Force vision statement was:

To mobilize resources and diverse constituencies to support FAMU in restoring public trust in its fiscal and administrative operation.

And articulated as its mission:

To identify and rectify the root causes for the fiscal and operation weaknesses that prevent FAMU from meeting the needs and expectations of students, faculty, alumni and the general public by providing oversight, resources, and technical assistance in the development and implementation of effective corrective actions.

The Action Plan articulated four goals which if achieved would support FAMU in restoring public trust in the University's fiscal and administrative operations.

A. Background

On March 23, 2007, Carolyn Roberts, Chair of the Board of Governors, announced the formation of a special Task Force charged with restoring financial and operation integrity and security to FAMU. Earlier that month, the Auditor General issued a preliminary Operational Audit of FAMU, which contained 35 findings or deficiencies in the University's fiscal, management, internal controls and compliance with various policies and procedures.

At the first meeting of the Task Force on March 30, 2007, Chair Roberts expanded the charge to include the development and implementation of a plan to address the audit findings in order to ensure the University was in full compliance with all applicable laws, rules, and policies while striving to attain the highest standards of conduct.

Board of Governor Member, M. Lynn Pappas was appointed the Task Force Chair. Leander J. Shaw, Jr., former Chief Justice of the Florida Supreme Court, agreed to serve as Vice-Chair. The other seven members included the Chair of the FAMU Board of Trustees, C. William Jennings, one other member of the FAMU Board, W. George Allen, Albert Dotson Sr., Dr. Edward M. Penson, Barbara L. Bowles, Ava L. Parker, and Joelen K. Merkel. Mr. Dotson and Mr. Allen subsequently resigned and were replaced by Judge Michael Chavies and T. Willard Fair.

During the first meeting, Chancellor Rosenberg emphasized the importance to the State University System that FAMU emerge from this process with integrity and operating systems that were transparent and able to withstand the test of future audits. In order to achieve this goal the Chancellor necessitated the development of a close working relationship with FAMU's Board of Trustees, President and Senior Staff.

The Task Force discussed several options for conducting its review, including a holistic approach, utilizing a firm with experience in assisting organizations to revamp their structure and culture. Because several of the audit findings were in the financial and information technology, the consensus was, these areas needed immediate attention.

Prior to the March meeting, the FAMU Board of Trustees selected Dr. James Ammons as the University's President. The Task Force agreed it was Dr. Ammons responsibility to develop a plan to address there issues, but in the meantime, the Task Force should gather as much information as possible on the areas of concern raised by the audits. These areas included 1) fiscal management, i.e. whether an effective corrective action was implemented to address each specific finding, 2) Human Resources Personnel, and Training and 3) other high risk areas which might develop into more serious problems if not addressed early.

The Task Force recognized that its mandate was broad and had to be narrowed in light of staffing and resource limitations. It was agreed a request for funding to the Legislature be pursued. In addition, with the transition to a new administration, the Task Force was compelled to coordinate its work in such a way as to not impede Dr. Ammons from plotting his course on fixing the problems. The Task Force agreed to proceed on two major fronts to 1) request for funding from the Legislature and 2) a fact finding exercise, relying upon the interim President and the Auditor General, to provide clarification on the audit findings.

The Operational Audit had 35 findings including material weakness or deficiencies in the areas of fiscal management, budget, contracts and grants, staffing, and training. For example, the Auditor General noted that the \$39 million had been

expended without approval or concurrence of the Board of Trustees contrary to FAMU internal rules. The Auditor General's Fiscal Year 2005 Financial Audit was qualified and cited several internal control issues. The Task Force agreed to meet again in April and continue its fact gathering on these and other issues.

At its April 20, 2007 meeting, the FAMU Chief Financial Officer summarized the University's problems into three broad categories, 1) inappropriate configuration of the accounting system resulting in errors in the reporting, 2) business process that were overly complex and, 3) huge turnover in financial management staff, such as the Chief Financial Officer Controller. In her opinion, these were indeed serious problems, but were not unique to FAMU. She stated however, these findings did reflect deterioration in control errors over the previous eight to ten year period.

Of major concern in the Auditor General's Fiscal Year 2006 Information Technology Audit were serious issues generally tied to the difficult and tortuous conversion to the Oracle PeopleSoft Financials and Student Administration System (PeopleSoft) as the University's Enterprises Resource Planning Solution. Several implementation problems were identified including infrastructure and network capacity, design of the system, and inadequate coordination by the leadership in the development of processes and procedures. The Auditor General's Information Technology Audit was still underway. The problems described were the subject of an Information Technology Audit being conducted by the Auditor General. FAMU had formed an Enterprise Information Technology (EIT) Committee to address these issues.

In 2005 FAMU hired KPMG as a consultant to perform several tasks related to the University budget procedures. Severe deficiencies in the PeopleSoft System resulted in failure to complete bank reconciliations, accurately posting transactions to the general ledger, and overall inability to maintain financial records. Despite paying KPMG approximately \$4 million, the problems had not been resolved.

[The remainder of this section will summarize the Task Force's development and implementation of its Action Plans]

B. Methodology, Approach and Organizational Structure

To meet the objective of reporting on the progress FAMU has made regarding implementation of their corrective action plan the following steps were undertaken:

- Perform high level risk assessment
- Develop detailed work plan
- Execute procedures to verify and validate corrective action plan
- Issue report on FAMU's implementation progress

The risk assessment began by reviewing certain work papers and other file memoranda associated with past services performed by parties assisting in internal control improvements and financial and operational audits of the University. In total we estimate 75,000 pages of documents were reviewed. This compilation process was

necessary to properly give background to the risk assessment phase of the project and planning effort.

Interviews were conducted to properly include relevant information associated with determining the risk universe and other items that may impact FAMU's ability to successfully implement the corrective action plan. Those interviewed included all Task Force Members, the president of FAMU and his senior staff, the VP of Finance and Administration and her direct reports, the Auditor General (AG) personnel who led the last financial and operational audits, and the Chancellor of the Board of Governors and his senior staff. The interviews and overall risk assessment provided valuable information about challenges that could impact successful implementation of the corrective action plan and provided a sufficient understanding of the corrective action plan and FAMU.

1. Operational and Financial Corrective Action Plan

The risk assessment enabled us to successfully develop procedures to verify and validate the FAMU operational corrective action plan (CAP). The procedures were incorporated into a detailed work plan divided into the following sections:

- FAMU Operational Audit (cross referenced to SACS Report) - 35 line items.
- FAMU Financial Audit Reports - 7 line items.
- State of Florida OMB Circular A133 Audit for Compliance and Internal Control over Financial Reporting and Federal Awards -FAMU issues - 17 line items

2. Verification & Validation Methodology

Internal control is broadly defined as a system, affected by a university's board of trustees, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of complete, accurate and timely financial reporting.
- Compliance with applicable laws and regulations.
- Safeguarding of assets.

FAMU's Corrective Action Plan is a substantial component of the University's control environment. The following procedures were agreed upon by the Task Force and are deemed reasonable to adequately verify and validate FAMU's Corrective Action Plan. FAMU's administration, management and internal audit function are responsible for establishing and maintaining adequate internal controls.

A. Ensure FAMU’s Corrective Action Plan Correctly Summarized the AG’s Findings

Each AG audit report finding was reviewed and cross referenced to the appropriate CAP item. The AG was interviewed to gain a detailed understanding of the nature and context of the material finding and ensure FAMU’s CAP included all stated findings. This process ensured nothing was inadvertently missed, lost in translation and all relevant issues had an opportunity to be addressed through this process.

B. Ensure CAP Line Item Was Correctly Designed To Properly Correct AG Findings

Several process objectives and key performance indicators were identified for each CAP line item. Process objectives describe “why” the CAP items are necessary to correct the material finding and key performance indicators are the desired outcomes or indications that would be evident if the CAP were working effectively. An inventory of actual and suggested controls was documented. Material findings were analyzed and all associated risk factors were identified. For example, what could go wrong if the process failed or this material finding was not corrected? The CAP line item was then analyzed to ensure it was properly designed to mitigate the risks, if performed by a competent individual. The CAP line item must be designed to work consistently each period. **If the CAP was not properly or adequately designed, recommendations were made to enhance the CAP.**

C. Ensure CAP as Designed Is Actually Being Effectively Executed

Tests were conducted to verify the CAP was actually being executed as intended. The specific procedures performed to verify and validate the corrective action plan included inquiries of FAMU personnel, analytical procedures, observation of processes and duties, inspection of documents and records, and re-performance of certain control activities identified in conjunction with FAMU staff’s overview of current controls, key indicators and business risk.

III. VALIDATION AND VERIFICATION

A. FINANCIAL

Satisfactory Operation: 4 of 7 Action Plans (57%)

The Financial Audit Report was issued on 12/7/07 with an unqualified opinion. The corrective action plans to respond to the seven findings in that report were immediately implemented but are still new processes.

The Corrective Action Plan Financial line items are adequately designed to correct the material findings documented by the Auditor General. A majority (4 of 7 or 57%) are already operating satisfactorily

Controls are in place and adequately documented. The effectiveness of the Corrective Action Plan is being adequately evaluated on a periodic basis and University personnel are aware of their responsibilities for control. FAMU management has established a process by which it is able to deal predictably and consistently with most control issues related to these 4 specific action plans.

Not yet Rated: 3 of 7 Action Plans (43%)

The remaining Financial line items not yet rated represent those items still in progress or items being addressed EIT validation work: 3 (43% of Financial issues)

NOT YET RATED EXPLANATIONS

Financial Finding #3: Subsidiary records for A/R and deferred revenues - NOT RATED

The University has instituted new policies and procedures for Grants & Contracts, Sponsored Research and Close-outs. As part of the NSF Corrective Plan, the University developed a Comprehensive Grant Manual and a Grant Review document. A Plan of Action was developed with specific completion dates and responsibilities. The Grants and Contracts Department is currently in the process of reviewing 100% of Grant Accounts.

As designed, the Policies and Procedures will effectively address the issues in the various Auditor General Report findings; however, as the project to complete the 100% review is in its initial stages, validation procedures will be more effective at a later date when the analysis of all grant accounts has been completed and expired grants have been accounted for.

Financial Finding #5: Capital assets and related depreciation - NOT RATED

EIT is currently working to bring the Asset Management and General Ledger systems up to date so that they can work together as they were designed. This will be tested in conjunction with Verification and Validation of the EIT Action Plan.

Financial Finding #6: Separation of duties and adequate compensating controls - NOT RATED

The Segregation of Duties within PeopleSoft will be tested along with the EIT security and SOD functions review. This will be tested in conjunction with Verification and Validation of the EIT Action Plan

FEDERAL A-133

Satisfactory Operation: 13 of 17 Action Plans (76%)

A large majority of the Corrective Action Plan Federal A-133 line items are adequately designed to correct the material findings documented by the Auditor General and the

plans are operating satisfactorily. There are a total of 17 action plans within the Federal A-133 section of FAMU's comprehensive CAP. Thirteen of 17 (76%) of these plans were considered operating satisfactorily.

Controls are in place and adequately documented. The effectiveness of the Action Plan is being adequately evaluated on a periodic basis and University personnel are aware of their responsibilities for control. FAMU management has established a process by which it is able to deal predictably and consistently with most control issues related to these 4 specific action plans.

Needs Improvement: 2 of 17 Action Plans (12%)

Additional improvement is necessary in two action plans. Control weaknesses remain and if not adequately addressed could impact financial integrity. FAMU has controls in place and effective policies and procedures are in the process of being institutionalized for each of these areas.

A-133 CAP Line Items that Need Improvement or Not Yet Rated

A-133 Finding 06-017: SEFA - Needs Improvement

The University has developed policies and procedures to enhance the accuracy of grant & contract reporting, as well as procedures to prepare the SEFA report accurately. The process still appears to be dependent on a limited number of individuals.

A-133 Finding 06-120: Completeness and accuracy of information reported to Federal agencies - Needs Improvement

Policies and procedures are developed and in effect. Federal Agencies (DOE, NSF) have found the progress in the reporting area to be acceptable and have maintained funding relationships. The University has developed and is performing steps in a Workplan to complete the Grant Closeout process for expired grants that remain on the General Ledger.

Not yet Rated: 2 of 17 Action Plans (17%)

The remaining Federal A-133 Action Plan items not yet rated (17% of Operational items) represent those items still in progress or items being addressed as part of the EIT validation work.

A-133 Finding 06-115: Interest earned on excess Federal funds and timely remittal - NOT RATED

The University has instituted new policies and procedures for Grants & Contracts, Sponsored Research and Close-outs. As part of the NSF Corrective Plan, the University developed a Comprehensive Grant Manual and a Grant Review document. A Plan of Action was developed with specific completion dates and responsibilities. The Grants

and Contracts Department is currently in the process of reviewing 100% of Grant Accounts.

As designed, the Policies and Procedures effectively address the issues in the various Auditor General Report findings; however, as the project to complete the 100% review is in its initial stages, validation procedures will be more effective at a later date when the analysis of all grant accounts has been completed and expired grants have been accounted for.

A-133 Finding 06-122: Accounting and grant records reflected numerous expired contract and grant accounts which hadn't been closed - NOT RATED

The University has instituted new policies and procedures for Grants & Contracts, Sponsored Research and Close-outs. As part of the NSF Corrective Plan, the University developed a Comprehensive Grant Manual and a Grant Review document. A Plan of Action was developed with specific completion dates and responsibilities. The Grants and Contracts Department is currently in the process of reviewing 100% of Grant Accounts.

As designed, the Policies and Procedures will effectively address the issues in the various Auditor General Report findings; however, as the project to complete the 100% review is in its initial stages, validation procedures will be more effective at a later date when the analysis of all grant accounts has been completed and expired grants have been accounted for.

B. OPERATIONAL

Satisfactory Operation: 26 of 35 Action Plans (74%)

A large majority of the Corrective Action Plan Operational line items are adequately designed to correct the material findings documented by the Auditor General and the plans are operating satisfactorily. There are a total of 35 action plans within the Operational section of FAMU's comprehensive CAP. Twenty-six of 35 (74%) of these plans were considered to be operating satisfactorily.

Controls are in place and adequately documented. The effectiveness of the Action Plan is being adequately evaluated on a periodic basis and University personnel are aware of their responsibilities for control. FAMU management has established a process by which it is able to deal predictably and consistently with most control issues related to these 26 specific action plans.

Needs Improvement: 4 of 35 Action Plans (12%)

Additional improvement is necessary in three action plans. Control weaknesses remain and if not adequately addressed could impact financial integrity. FAMU has controls in place and effective policies & procedures are in the process of being institutionalized for each of these areas.

Operational CAP Line Items that Need Improvement or are Not Yet Rated

Operational Finding #7: Decentralized collections and retain records - Needs Improvement

The University has taken steps to address the AG's finding. The number of cash collection locations was reduced from 46 to 16. Records supporting Athletic Department collections and deposits are being retained; however, bank deposit receipts should also be retained with the documentation. Departmental Deposit Transmittal forms are utilized but are not being consistently verified by an independent person. We reviewed the electronically-retrieved auditable documentation to determine that it supports the \$1,823,389 of Athletic Department collections. Additional testing is ongoing to determine the \$1.8M was collected and deposited.

Operational Finding #14: Did not retain documentation for salary payment cancellations

A new process has recently been implemented and formal procedures have not been updated. FAMU is in the process of developing adequate procedures for salary payment cancellations. Efforts to finalize written procedures for the new system should be a priority and compliance with the new procedures would be necessary for the control structure to be considered satisfactory.

Operational Finding #26: No competition for procuring new contracts

The policy states that if the contract is not to be competitively bid, the Director of Purchasing will insert documentation approved by the VP Fiscal Affairs explaining the reason for the lack of competitive bids. Two of the three contracts tested omitted this required document. The policy exists, but is not always followed or enforced.

Operational Finding #31 - Vehicle usages logs were not maintained

Monthly Vehicle Mileage Logs are not being consistently completed, approved and sent to Plant Operations and Maintenance as required by BOT policy 2006-05. In reviewing the Vehicle Logs Inventory Update from May 2007 through December 2007, approximately 44% of approved monthly vehicle mileage logs were not received by Plant Operations and Maintenance. In addition, follow up by the Director of Physical Plant in receiving monthly vehicle mileage logs is not consistently and timely performed. The Director of Physical Plant has drafted a memo to send to the various individuals/departments that are not in compliance, but these memos should have been sent when the mileage logs were not received, as required by policy.

Not yet Rated: 5 of 35 Action Plans (14%)

The remaining Operational Action Plan items not yet rated (14% of Operational items) represent those items still in progress or items being addressed as part of the EIT validation work.

Operational Finding #5: Physical inventory missing - NOT RATED

The journal entry for writing off missing inventory will be made after BOT approval is received (planned for February 2008 meeting). Must review information on any discussion or approval regarding the missing inventory that occurred during the February BOT meeting to determine adequacy of action plan.

Operational Finding #22: Controls over communication expenses - NOT RATED

This issue will require a coordinated, joint effort from both EIT and the Finance business units. EIT has drafted a policy. Controls will be tested in conjunction with Verification and Validation of the EIT Action Plan.

Operational Finding #23: Monitoring of cell phone usage - NOT RATED

This issue will require a coordinated, joint effort from both EIT and the Finance business units. EIT has drafted a policy. Controls will be tested in conjunction with Verification and Validation of the EIT Action Plan.

Operational Finding #28: Controls over research contracts and grants - NOT RATED

The University has instituted new policies and procedures for Grants & Contracts, Sponsored Research and Close-outs. As part of the NSF Corrective Plan, the University developed a Comprehensive Grant Manual and a Grant Review document. A Plan of Action was developed with specific completion dates and responsibilities. The Grants and Contracts Department is currently in the process of reviewing 100% of Grant Accounts.

As designed, the Policies and Procedures will effectively address the issues in the various Auditor General Report findings; however, as the project to complete the 100% review is in its initial stages, validation procedures will be more effective at a later date when the analysis of all grant accounts has been completed and expired grants have been accounted for.

Operational Finding #34: Comprehensive disaster recovery plan - NOT RATED

This will be reviewed in conjunction with Verification and Validation of the EIT Action Plan.

C. INFORMATION TECHNOLOGY

Work has commenced on the verification and validation of the Enterprise Information Technology (EIT) Corrective Action Plans. The initial planning has been performed and a project plan developed that includes the scope, timing, and a preliminary work plan to be performed. Accretive Solutions is currently working with FAMU EIT to establish a status reporting process to keep all stakeholders informed of the progress of the project. It should be noted that the scope of the review addresses only the PeopleSoft related matters reported by the Auditor General. It does not extend to all aspects of the EIT function or to IT related areas outside of EIT's range of responsibility.

The EIT Corrective Action Plan was initially developed by FAMU's EIT leadership. This Plan was further reviewed by the Information Technology sub-committee of the FAMU Task Force consisting of IT Senior Executives from the Florida State University System. *****Insert Ramon's report ***** Further refinements were made based on this review and the Corrective Action Plan was finalized. Accretive has obtained and reviewed the final EIT Corrective Action Plan and is in agreement with the EIT Task Force Committee that the plan will address the issues identified by the Auditor General based upon the planned execution and continued monitoring.

Validation and verification of several areas have been started and are progressing well. Due to the timing of implementing the corrective action plans, reviews of several areas are scheduled to begin at a later date. The results of this preliminary effort will not be included in this report. However, upon completion of the effort the results will be included in the final report.

D. INTERNAL CONTROL/GOVERNANCE

This area will contain a summary of the conclusions and recommendations made by Accretive Solutions concerning internal controls and governance areas of FAMU.

Report Ratings for Entire Corrective Action Plan					
	Satisfactory Operation		Need Improvement		Not Rated
Operational	26		4		5
Financial	4		0		3
A-133	13		2		2
TOTAL	43		6		10
Percentage	73%		10%		17%

IV. BOARD OF TRUSTEES: BEST PRACTICES

This area will summarize the implementation of best practices by the FAMU Board of Trustees.

V. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSION

We believe adequate, reasonable and effective controls have been implemented by the University, which effectively address the vast majority of issues raised by previous operational and financial audits. Based upon the comprehensive validation and verification process conducted on the University’s Corrective Action Plan, we believe that FAMU has established the foundation to restore financial and operational integrity.

B. RECOMMENDATIONS

The Task Force recommends that:

1. That FAMU continue to improve the implementation of its corrective actions, especially in the area of fiscal management, and the transition to the PeopleSoft System.

2. The unencumbered funds appropriated by the legislature are utilized to assist the University in development and improvement of its operations in the area of Contracts and Grants.
3. The Board of Governors utilized the Task Force to monitor those projects, including but limited to the validation and verification of the FAMU Enterprise Information Technology Plan until June 30, 2008.
4. The Task Force adopts by reference the conclusions and recommendations contained in the report prepared by Accretive Solutions, including recommending FAMU submit on a semi-annual or annual basis a certification by the President, that implementation of the Corrective Action Plan remains effective.

ACKNOWLEDGEMENTS

APPENDICES

- A. Task Force Action Plan
- B. Organization Chart
- C. Task Force Member Biographies
- D. Special Appropriations Senate Letter
- E. Minutes of Task Force Meetings
- F. Accretive Solutions: Report of FAMU Corrective Action Plan
- G. FAMU Corrective Action Plan (Revised)
- H. Task Force Information Technology Action Team Report
- I. Summary of SACS Monitoring Report
- J. Response of FAMU