



Athletic Financial Summary

June 13, 2019

PRESENTED BY
Mr. Kelvin Lawson
Board of Trustees, Chair

Florida Agricultural and Mechanical University



Athletics Financial Summary

- **Athletic Program Deficit** - \$1 million annually
- **Auxiliary Funds Use** - Auxiliary funds were used to offset the Athletics department's deficit contrary to BOG regulation
- **Auditor General Operational Audit Findings** -
 - February 2014 (Report No. 2014-108)
- **Auxiliary Repayment Plan** - \$7 million, 12-year, 0 interest repayment plan (September 2016)





2016 Corrective Action Plan

1. Implement three-year budget and cash balance review process to include:
 - A. Year 1 – monthly reviews with BOG representative/President/CFO/AD/Chair of Athletics Committee
 - B. Years 2 and 3 – monthly reviews with budget office and CFO and quarterly reviews with President/CFO/AD/Chair of Athletics Committee
2. Require CFO and President approval of auxiliary transfers to Athletics to ensure only allowed sources are used
3. Restrict release of approved annual Athletics budget to 75% based on prior year's history of collected amounts until adequate revenues are realized





2016 Corrective Action Plan

4. Monthly reconciliation of p-card purchases, open purchase orders, and vendor invoices
5. Reduce team travel expenses
6. Implement aggressive fundraising campaign from Athletics and DSO groups
7. Request Board of Governors to conduct a study of SUS institutions on use of auxiliary funds and other funds to support Athletics
8. Review and update operating guidelines for auxiliary enterprises to establish reporting and accountability requirements
9. Track expenses for spirit groups in separate auxiliary fund based on established budgets





Athletics Financial Summary

- **Auditor General Operational Audit Findings -**
 - March 2017 (Report No. 2017-197)
 - December 2018 (Report No. 2019-063)
- **Foundation Plan Payments - Three payments totaling \$754,905.90**
 - \$205,933.90 January 19, 2017
 - \$250,484.70 July 6, 2018
 - \$298,485.30 January 10, 2019






Athletics Budget Summary

FY 18-19 FINANCIAL SUMMARY

**Florida A&M University
Athletics Division
June 2, 2019**

Revenues:	Budgeted	2018-2019 Collected				
	9,828,653	7,859,334	80%			
		Budgeted	Actual	Projections	%	
Breakdown of Revenues Collected:		3,920,000	3,897,578	22,422	99.43%	Fees
		620,000	533,905		86.11%	Football Gate Receipts
		250,000	275,000		110.00%	Game Guarantees
		662,000	809,000		122.21%	Other Game Guarantees
		100,000	132,766		132.77%	Athletic Concession Sales
		6,000	19,446		324.10%	Athletic Program Sales
		300,000	255,545		85.18%	Football Season Tickets
		375,000	167,500	25,000	44.67%	Athletic Advertising Sales
		130,000	81,885	48,115	62.99%	Royalty
		400,000	383,032		95.76%	NCAA Revenues
		25,000	12,703		50.81%	Basketball Receipts
		900,000	159,133	740,867	17.68%	Investing in Champions
		800,000	752,318	185,251	94.04%	Florida Classic Consortium
		200,000	228,453		114.23%	MEAC Revenue
		121,000	129,179	-	106.76%	Athletic Parking/Vending
		30,000	801		2.67%	MISC
		989,653		759,653	0.00%	Transfers
		9,828,653	7,838,244	1,781,308		
Amendment to the Budget		175,000	21,090	50,000	12.05%	Tag Bragg
Total Budget		10,003,653	7,859,334	1,831,308		
	Budgeted	Encumbrances	Expenditures	Projection	Balance	
Salary	3,875,425	427,849	3,368,377	79,199	-	
OPS	270,215	23,463	236,523	10,229	-	
SAOF	447,798	229	447,569		-	
Expense	2,851,322	91,747	2,676,577	82,998	-	
Scholarship	2,346,893	4,003	2,342,389	501	-	
OCO	12,000		12,000		-	
Mandatories	200,000		173,481	26,519	-	
	10,003,653	547,291	9,256,916	199,446	-	
Possible Shortfall: Revenue	10,003,653		Transfers:		500,000	
	(7,859,334)		Foundation		159,653	
	(1,831,308)		Concession		100,000	
			NAA		130,000	
			Booster			
	313,011					
				Total	889,653	

7







Fiscal Year 2018-19

Challenges

- Projected Budget Gap \$313,011
- Strategies for Addressing the Potential Budget Gap
 1. Athletics Fundraising Tour Weekend
 2. Investing in Champions/Tag Bragg)
 3. Boosters
 4. Collect Remaining Outstanding Revenue





ACCOUNTABILITY, TRAINING, & COMPLIANCE



Internal Operating Procedures

Accountability/Training

The Division of Finance and Administration provides comprehensive **Training** and Support to the University Community in person and online.



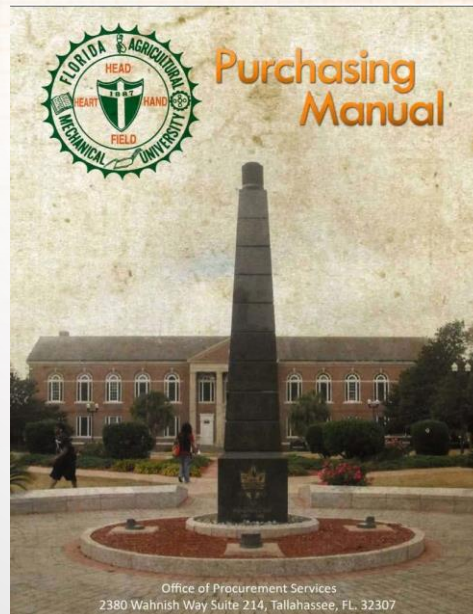
Florida A&M University

Procurement Card (PCard) Training for Cardholders

Office of Procurement Services

Revised November 15, 2013

1



Office of Procurement Services
2380 Wahnish Way Suite 214, Tallahassee, FL 32307

Florida A&M University

Procurement Services
Contract Management Manual



2010 Procurement Services Contract Management Manual





Internal Operating Procedures

Accountability

- The Division of Finance & Administration conducted **training** for athletic staff on key policies and procedures (Refreshers held periodically)
 - Participant Requirement-Document acknowledging **training** and **consequences for non-adherence to University guidelines, policies, and procedures**

Training Acknowledgment

As a University employee and pursuant to Section 1012.80(1)(b), of the Florida Statutes, I understand and acknowledge the following:

Any person who accepts the privilege extended by the laws of this state of employment at any state university shall, by working at such institution, be deemed to have given his or her consent to the policies of that institution, the policies of the Board of Governors, and the laws of this state.

This shall include but is not limited to: all University Regulations, Policies, and Internal Operation Procedures; Regulation 1.019 University Code of Conduct; Regulation 3.019 Settlement of Delinquent Accounts; Collection and Returned Check/Electronic Payment Fees; Write-off Uncollectible Accounts; Regulation 6.005 Purchase of Commodities and Contractual Services; Regulation 10.111 Disruptive Conduct; BOT Policy 2006-04 Purchasing Cards; and all Personnel Regulations under Chapter 10 including Regulations 10.302 Disciplinary and Separation from Employment Actions for University Support Personnel System Employees.

I acknowledge and confirm that on March 22, 2018, I have received Training (i.e. Procurement, Budget, Cash Collections, Travel and Accounts Payable Procedures, Human Resources Recruitment, Maintenance and Repairs, and Property) by the Division of Finance and Administration and will comply. If I have questions about the training, materials presented, or any policy and procedure, I understand it is my responsibility to seek clarification from the Human Resources Department or the Division of Finance and Administration, as appropriate.

I further understand and agree that non-compliance with any law, regulation, policy and/or internal operating procedure, is subject to disciplinary action as appropriate. A signed copy of this acknowledgment will be placed in my personnel file.

Date _____

Employee Signature _____

Print Name _____

Department: _____

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Sec. 1012.80(1)(b), Fl. Stat.





Training in Action

2019 Professional Development and Training Calendar

- April Diversity Education/Partnership with Student Affairs
- May NCAA Regional Rules Conference (University Administration)
- June SUS Athletics Compliance Meeting (Athletics Compliance)
New NCAA Legislation Review
- July Accelerated Academic Success Program (Athletics Compliance)
- August
and Welcome Back Meetings with All Teams and Student Athletes
September





Compliance Plan in Action

- Compliance Monitoring and Action Plan Updated: June 2019 with follow up
- Compliance Focus
 - Professional Development
 - NCAA Legislation
 - Academic Performance Rate (APR)
 - Admissions and Initial/Transfer Eligibility
 - Transfer unscheduled check initiated
 - Summer Camp Guidelines
 - Working group





Recent Events Update

- **Use of Auxiliary Funds Confirmed – June 7, 2019**
 - Identified by routine audit follow-up inquiries (April 2019)
 - Cause to believe auxiliary transfers were improper (May 2019)
 - Fact gathering by VP for Audit (May 2019)
 - Consultation with General Counsel (June 2019)
 - Brief President Robinson (June 7, 2019)
- **Unrelated to the NCAA penalties**
- **Unrelated to the day-to-day operation of the Athletics Program**





Recent Events Update

• Immediate Actions

- CFO resignation effective June 7, 2019
- Communication plan to brief Board and BOG counterparts - June 7-Present
- Two additional personnel actions
- Appoint AVP/Chief HR and Diversity Officer as Interim VP Finance and Administration/CFO with oversight from the Provost – June 7, 2019
- Engaged AGB Search to provide assistance with identifying an individual to serve as interim CFO until a national search is completed to fill the vacancy
- Appoint AVP of Administrative and Financial Services to assess and oversee the Budget Office and Controller functions - June 12, 2019
- Additional system-required authorization to prevent inappropriate transfer of funds
- VP for Audit notified in real time through system notification (People Soft)





Recent Events Update

• Immediate Actions

- Independent financial-related investigation/audit to determine the:
 - Amount and timing of auxiliary transfers
 - Processes and who affected the transfers
 - Impact of transfers to the auxiliary repayment plan
- Transition plan to enhance compliance, transparency, and ensure continued operations of impacted budget and accounting functions
 - Interim VP for Finance and Administration/CFO in place & AGB Search in process (2-6 weeks)
 - Appoint AVP of Administrative and Financial Services to assess and oversee the Budget Office and Controller functions





“At FAMU, Great Things Are Happening Every Day.”

established 1887

