

January 28, 2026

**Board of Governors
Audit and Compliance Committee**

FAMU Audit Update

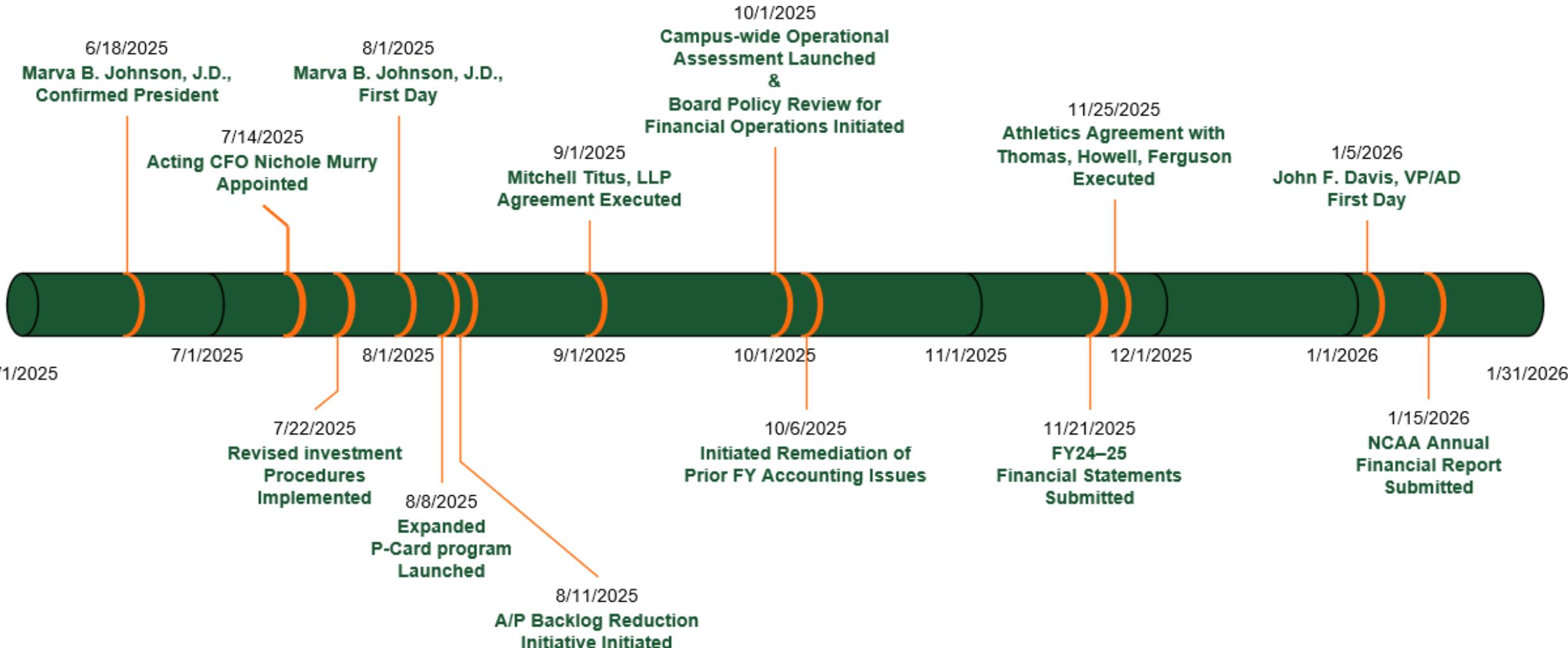


SUMMARY

Issue	Description	Status	Evidence
Investment Accounting (SPIA) (Repeat Finding)	Deficiencies in recording and reconciliation of investment account balances and related investment income	Stabilized	FY24-25 reconciliations completed; revised policies implemented July 2025; FY25-26 monthly processing underway
Bank Reconciliations	University controls over bank account reconciliations need improvement	Stabilized	All FY24-25 reconciliations completed; formal review controls implemented; staffing model restructuring in progress; FY25-26 In Process
Vendor Payments	The University did not always promptly pay vendors	Corrected	93% reduction in invoices >40 days; statutory compliance restored; weekly tracking and scorecards institutionalized
Personnel Evaluations (A&P)	University personnel evaluations were not always performed annually	Institutionalized	Standardized evaluation cycle implemented for FY25-26; FY24-25 evaluations completed
Accounting Records & Financial Reporting	University controls need improvement to ensure that the accounting records and annual financial report are accurate	Stabilizing	FY24-25 FS Submitted; 3 rd Party Assistance; Assessment; Restructuring Staffing
Athletics Audit Readiness	Athletics has fallen short on meeting financial, internal, and NCAA Audit requirements	Stabilizing	New Leadership; 3 rd Party Assistance; Restructuring Staffing

Strike, Strike, and Strike Again!

Key Governance & Compliance Milestones





Operational Audit

Strike, Strike, and Strike Again!

Finding 1: Investment Accounting & Recording

ISSUE:

- Deficiencies related to the recording and reconciliation of Special Purpose Investment Account (SPIA) balances and related investment income – REPEAT FINDING (Jan. 2022 & Oct. 2024)

STATUS: STABILIZED

- ✓ FY2024-2025 Monthly Accounting and Recording - Completed
- ✓ Implemented Revised Investment P&P – July 22, 2025
- FY2025-2026 Monthly Accounting and Recording - In Process

NEXT STEPS:

- Complete FY2025-2026 Monthly Accounting and Recording

Finding 2: Bank Account Reconciliations

ISSUE:

- University controls over bank account reconciliations need improvement

STATUS: STABILIZED

- ✓ FY 24-25 – Reconciliations Complete
- ✓ Utilized External Firms to perform Reconciliations - Consulting Together & Cherry Bekaert
- ✓ Instituted Review and Signoff Protocols
- FY 25-26 – Reconciliations in Process

NEXT STEPS:

- Restructure Staffing
- Reduce/Eliminate Reliance on Accounting Firms

Finding 3: Prompt Vendor Payments

ISSUE:

- Contrary to University procedures, the University did not always promptly pay vendors

STATUS: CORRECTED

- ✓ Vendors are being paid in accordance with Section 215.422, Florida Statutes & University Policy
- ✓ Weekly Tracking and Escalation
- ✓ Monthly "Scorecard" Report
- ✓ Leveraged P-Card Program
- January 2026 – 93% reduction of invoices \geq 40 day (523 totaling \$906k to 34 totaling \$69K)

Finding 4: Personnel Evaluations (A&P)

ISSUE:

- University personnel evaluations were not always performed annually, contrary to University regulations

STATUS: INSTITUTIONALIZED

- ✓ Administrative & Professional (A&P) Evaluations – Completed
- ✓ Transitioned to Manual Evaluation Process
- ✓ Provided Training, Communications, and Deadlines
- ✓ Completeness Assessments and Accountability Measures as Appropriate
- ✓ Alignment of A&P and USPS evaluation periods

NEXT STEPS:

- Transition process to new ERP System upon implementation



Financial Statement Audit



Strike, Strike, and Strike Again!

Significant Deficiency – Accounting Records and Financial Reporting

ISSUE:

- University controls need improvement to ensure that the accounting records and annual financial report are accurate

STATUS: STABILIZING

- ✓ Appointed Acting CFO – Nichole Murry – July 14, 2025 (Fiscal Lead)
- ✓ Financial Statements for FY24-25 Submitted – November 21, 2025
- ✓ Established Review and Signoff Protocols
- Auditor General FY24-25 Financial Statement Audit – Underway
- Transitioned to stabilization and normalization of monthly financial operations
- CFO/Controller/Staff Recruitment Ongoing

Significant Deficiency – Accounting Records & Financial Reporting (Cont.)

ACTION:

- ✓ Realigned Controller Reporting Structure
- ✓ Engaged Mitchell Titus, Consulting Together, and Additional Subject Matter Expertise
- ✓ Implemented accountability to the President
- ✓ Weekly/Monthly Updates
 - Scorecard Reporting
 - Operational Assessment

NEXT STEPS:

- Recruit & Retain Relevant Top Tier Talent
- Modernizing Controller Function
- Workday Transition
- Achieve Clean Financial Statement Audits



Athletics



Strike, Strike, and Strike Again!

Athletics Audits

ATHLETICS AUDIT REQUIREMENTS:

- BOT-required Financial Statement Audit – Annually by March 30th
- BOT-required Internal Audits – Periodic
- NCAA Report Submission – Annually by January 15th

FISCAL LEAD:

- John F. Davis as Vice President and Director of Athletics – January 5, 2026

Athletics Audits

ACTION:

- Athletics Business Office – Restructuring Staffing
 - Business Manager – Retained
 - Senior Accountant (New) – Staffed
 - Associate AD responsible for Business Operations (New) – Recruiting
 - Fiscal Specialist (New) – Recruiting
- Bi-Weekly Meetings Athletics/F&A
- Third-Party Assistance – Thomas, Howell, Ferguson – November 25, 2025
- Annual NCAA Report Submission - January 15, 2026

NEXT STEPS:

- Annual BOT-required Financial Statement Audit – Annually by March 31st

Key Performance Indicators

KPI	Description	Escalation Trigger
Monthly Close Timeliness & Completion Rate	<ul style="list-style-type: none">% of required monthly close activities timely completed	<ul style="list-style-type: none"><95% on-time for each month
Bank Reconciliation Backlog & Aging	<ul style="list-style-type: none">Accounts not reconciled within 15 days of month-endAverage age (days) of unreconciled accounts	<ul style="list-style-type: none">Accounts unreconciled >60 daysIncrease in backlog month-over-month
Prompt Payment Compliance Rate	<ul style="list-style-type: none">% of invoices paid within required timeframes# of late payments & interest penalties incurred	<ul style="list-style-type: none">>10% noncompliance within 40 daysRecurring late-payment trend over 2 cycles
Personnel Evaluation Completion Rate	<ul style="list-style-type: none">Leading Indicators: updated Position Descriptions, established goals, training complete, and milestone-based deliverables% of annual evaluations completed by deadline	<ul style="list-style-type: none"><90% Leading Indicators completed<90% completion at deadlineUnit falling below threshold
Athletics Compliance & Audit Timeliness	<ul style="list-style-type: none">Leading Indicators: monthly close discipline, reconciliation timeliness, staffing stability, and audit readiness milestones metOn-time Athletics Financial Statement Audit (Mar. 31) & NCAA Financial Report (Jan. 15)	<ul style="list-style-type: none">Lack of progress on Leading IndicatorsMissed statutory, BOT, or NCAA deadline

Governance, Accountability, and Commitment to Sustainable Improvement

HALLMARKS OF FAMU'S APPROACH AND PROGRESS:

- Systemic issues acknowledged
- Accountability elevated to the President
- Root causes addressed
- Progress measured, validated, and independently confirmed
- Sustainability building through internal capacity
- Clear re-escalation and Board-visible oversight