

January 28, 2026

Board of Governors
Audit and Compliance Committee

FAMU Audit Update

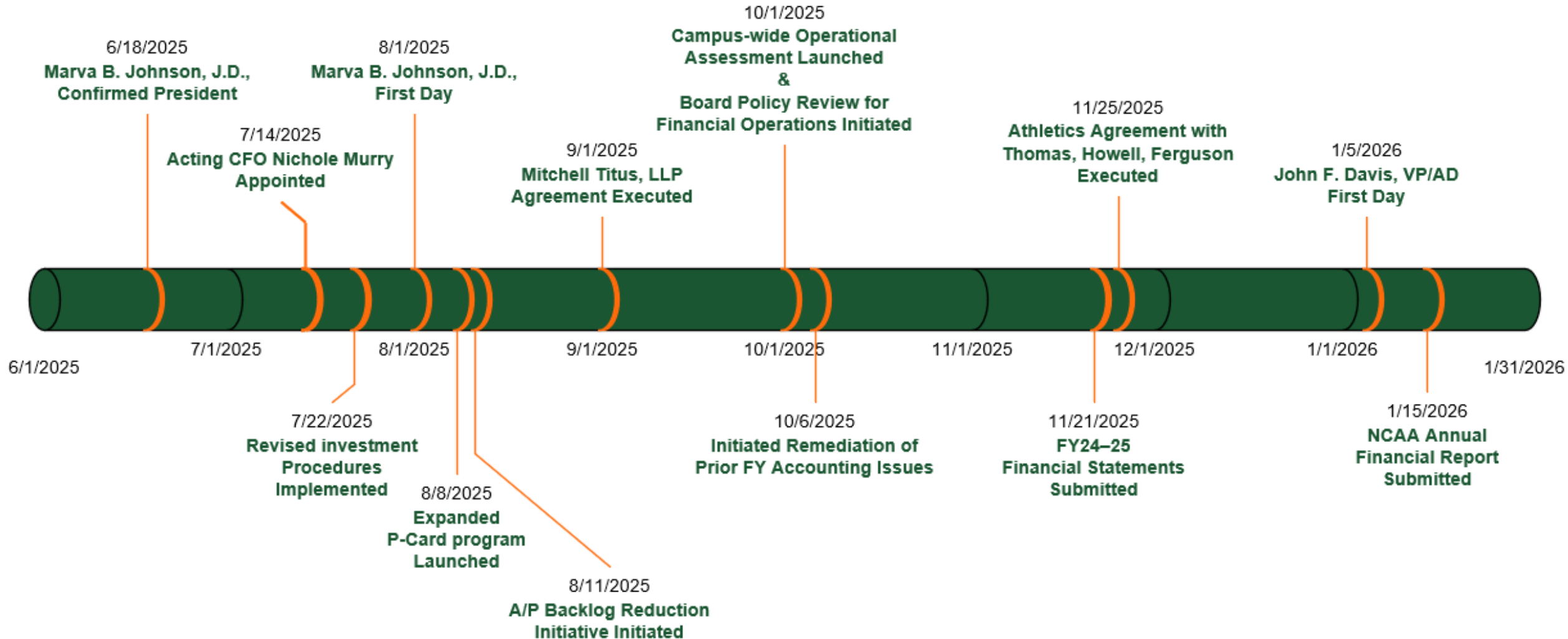


SUMMARY

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

Strike, Strike, and Strike Again!

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

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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-end • Average age (days) of unreconciled accounts 	<ul style="list-style-type: none"> • Accounts unreconciled >60 days • Increase 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 days • Recurring 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 deadline • Unit 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 met • On-time Athletics Financial Statement Audit (Mar. 31) & NCAA Financial Report (Jan. 15) 	<ul style="list-style-type: none"> • Lack of progress on Leading Indicators • Missed 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