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State University System of Florida

Management Controls and Business Process Reviews

August 29, 2019

Jan Feb March April May June July Aug Sept Oct Nov

For Discussion

1. Project Overview

2. Project Update

3. Q&A

Project Overview



Project Overview - Objectives

Objective #1

Assess the risks and evaluate the controls and business processes related to financial accounting and operations throughout the SUS' 12 universities.

Objective #2

Provide recommendations to the BOG on improving the risk management, controls, and business processes within the SUS.

Project Overview - Scope

We are focused on risk and controls in the areas below.

Internal Management and Accounting Controls		
Accounting Operations (e.g. AR, AP, Payroll)	Preparation/Issuance of Audited Financial Statements	State Funding
Business Processes and Operations		
Procurement	Capital and Operating Budget Management	Capital Program and Asset Management
Information Systems Management	Cyber-Security	Contract Management
Compliance (Secondary Focus)		
Data Privacy	Federal Grant Compliance	Financial Aid Rules and Regulations

Project Update



Project Update – Procedures Completed

- 1) We have reviewed BOG regulations, university policies, procedures, processes and business requirements. *(12 of 12 completed)*
- 2) We have prepared inherent risk assessments which includes risks arising from our review of the above as well as our experience in common risks within higher education, specific to financial and operational issues. *(12 of 12 completed)*
- 3) We have distributed risk/control questionnaires to university management to complete in advance of onsite visits. The questionnaires help identify key controls in place to manage the risks identified above. *(12 of 12 universities completed)*
- 4) We have conducted interviews onsite with university management for insight into risk management and control perspectives and activities. We have documented and confirmed the results of those discussion with the interviewees. *(10 of 12 completed)*

Project Update - Current Status and Next Steps

- 5) We are in the process of evaluating each university's risk management and control structure.
- 6) We are in the process of identifying gaps in controls and process improvement opportunities. These will be documented as observations and recommendations.
- 7) We will discuss the observations and recommendations with university management at an Exit Conference. Our goal is to verify the factual completeness and accuracy of our conclusions.
- 8) We will prepare and deliver the draft report and any required presentations to the BOG by our October 18, 2019 deadline.

Project Update – Status Definitions

Status	Definition
On Schedule	The onsite visit has been scheduled but has not yet occurred.
Onsite Visit in Process	Crowe staff are currently conducting interviews onsite at the University.
Finalizing Assessment Results	Crowe staff have completed the onsite visit and are compiling their results.
Undergoing Internal Review	Crowe staff have submitted their assessment results to the Crowe Manager and Partner for internal review and approval.
Exit Conference Held	Crowe and University management have discussed and agree upon the facts of observations noted. Crowe is developing the draft report.
Draft Report Submitted to University	The University is developing written responses and action plans to address each observation and recommendation in the draft report.
Draft Report Submitted to BOG	Crowe has received and reviewed the University responses, included them in the draft report, and submitted the draft report to the BOG for review and comment.
Final Report Submitted to BOG	Crowe has incorporated all feedback from the BOG and has submitted the final report.
Final Report Accepted by BOG	The BOG requests no further changes and has accepted the report as final.

Project Update – Status by University

University /Onsite Dates	Status
University of West Florida (UWF)	Undergoing Internal Review
Florida State University (FSU)	Undergoing Internal Review
University of North Florida (UNF)	Undergoing Internal Review
University of Florida (UF)	Undergoing Internal Review
University of Central Florida (UCF)	Undergoing Internal Review
Florida Agricultural and Mechanical University (FAMU)	Undergoing Internal Review
Florida Polytechnic University (FPU)	Finalizing Assessment Results
University of South Florida (USF)	Finalizing Assessment Results
New College of Florida (NCF)	Finalizing Assessment Results
Florida International University (FIU)	Finalizing Assessment Results
Florida Atlantic University (FAU)	Onsite Visit In Process
Florida Gulf Coast University (FGCU)	On Schedule

Engagement Deliverables Schedule

Deliverable	Recipient(s)	Delivery Date
Bi-weekly Status Report	BOG	Throughout engagement
Project Plan and Timeline	BOG	5/31/2019
Exit Conference Agenda with Preliminary Observations for each University	BOG University Contact	Upon completion of each university site visit.
Draft Risk Assessment and Control Review Report for each University	BOG	10/18/2019
Final Risk Assessment and Control Review Report for each University	BOG University Contact	11/15/2019
Summary (Roll-up) Report on all twelve (12) Universities	BOG	11/15/2019
Project Evaluation/Lessons Learned Report	BOG	11/15/2019
Final Presentation	BOG	11/15/2019

Project Risks

1. Overdue information requests have become the greatest risk to completing this project on schedule. We currently have approximately 80 overdue requests from three universities.
 - *We are managing this risk through our frequent communications with the BOG Project Manager and with the universities.*
2. The complexity and diverse nature of the twelve universities could result in a misunderstanding or misinterpretation of the processes and controls that exist now, or should exist (e.g. the Controller's office at FSU employs dozens of individuals, but there are less than ten at FPU; therefore SOD is assigned differently). This could result in disagreements with management and delays in delivering the draft reports to the BOG.
 - *We are managing this risk by confirming our discussion notes with our interviewees to verify that we adequately understand their processes before moving forward.*

Lessons Learned to Date

1. We have learned that each university's unique and diverse characteristics have an impact on:
 - Organizational structure, (e.g. centralized vs. decentralized functions, separation of duties, number of funds, DSOs, etc.)
 - Use of technology (e.g. manual processes such as using MS Excel vs. sophisticated workflow systems such as Jaeggar Marketplace)
 - Revenue streams (e.g. percentage of tuition revenue vs. state funding varies greatly by university)
 - Governance and oversight from the Board of Trustees
 - UF has developed a charter to outline the responsibilities of the Board and to limit the powers of the President
 - Other university Boards rely more on frequent discussions/communications to fulfill their fiduciary responsibilities
2. We learned that there is a consensus from most universities that they would like the BOG to publish more specific guidance in the Regulations, specifically regarding proper utilization of E&G and E&G Carry-Forward funds.



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Questions?

