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State University System of Florida

Management Controls and Business Process Assessment

October 30, 2019

For Discussion

1. Project Update

2. Lessons Learned

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4. Q&A



Project Update

Project Update – Objectives & Scope Recap

Objectives.

Conduct an internal management and accounting/financial control assessment to evaluate the existing internal controls and business processes to identify any areas of risk for the SUS

Scope.

The internal management and accounting controls of the SUS.

Project Update – Completed Activities

We have completed our procedures for all 12 universities within the SUS which included:

- 1) Assessing BOG regulations, university policies, procedures, processes and business requirements.
- 2) Preparing inherent risk assessments arising from our assessment of the above as well as our experience in common risks within higher education
- 3) Distributing risk/control questionnaires to university management and conducting interviews onsite to understand risk management and control practices
- 4) Completing evaluations of each university's risk management and control structure
- 5) Identifying gaps in controls and process improvement opportunities as observations and recommendations which have been discussed with management.
- 6) Submitting draft reports to university management for their written response to our observations and recommendations.

Lessons Learned



Lessons Learned – Observations Noted

Category	# Observations	# Universities	Risk
Financial Reporting	2	5	Low-Moderate
Information Security/ Data Protection	15	11	Low-Moderate
Third-Party Risk Management	3	2	Low-Moderate
Safeguarding of Assets	4	5	Low-Moderate
Segregation of Duties Concerns	1	1	Moderate

Notes on Observations

- Intended to convey control “improvement opportunities” not significant issues
- None were rated above a Moderate risk level (i.e. a “3” out of “5” on our rating scale)
- IT security/data protection were most prolific relative to other observations

Lessons Learned – Common Trends

1. Overall, our procedures indicated that controls over internal management and accounting controls of the SUS appeared to be in place.
2. Biggest threat to control structure resides in:
 - Management override of controls.
 - Varying interpretation of BOG regulations
 - Pressures due to funding limitations

Lessons Learned to Date (continued)

There is an opportunity for establishing a more holistic approach to risk management and controls throughout the SUS. One approach would be a focus on increasing the frequency and content of communications. For example:

- SUS workshops could improve understanding and implementation of best practices in risk management and internal controls
- A series of minor-moderate improvements in financial and **information technology controls** could significantly improve assurance over reliability of data (e.g. guidance on data protection considering Sunshine State laws)
- An enhanced focus on **third-party risk management** would increase transparency and accountability among university service providers (and help manage costs).
- Continuation of initiatives that share information and resources could help address major challenges such as funding limitations and enrollment challenges (e.g. shared services agreements and strategic sourcing initiatives).

Next Steps



Project Next Steps

1. Obtain universities' responses to our draft report observations and recommendations.

Target: This is underway

2. We will deliver final reports for each university with management's responses for BOG review and comment.

Target: Beginning November 1st (pending receipt of management responses)

3. We will address any BOG comments and submit the final report for each of the universities.

Target: November 15th

3. We will submit our summary report to the BOG for review and comment.

Target: November 15th

4. We plan to attend the January BOG meeting to address any additional questions or concerns on our report prior to project closure.



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Questions?

