

**Florida Agricultural and Mechanical University
Athletics Use of Auxiliary Funds**

**Forensic Report
And Supplementary Information**

August 5, 2019



CRI CARR
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INGRAM

CPAs and Advisors

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FAMU Athletics Use of Auxiliary Funds Executive Summary

Executive Summary

The Florida Agricultural and Mechanical University's ("University" or "FAMU") Division of Audit and Compliance, on May 14, 2019, became aware of the existence of transfers of University auxiliary funds to the University Athletics Department ("University Athletics"), which are unallowable under Board of Governors regulation 9.013. The University has been actively managing a 2013 corrective action plan regarding University Athletics cash deficits, updated in 2016 to include repayment of prior unallowable fund transfers to University Athletics (the "repayment plan"). Included in the corrective action plan are processes and controls that were implemented to prevent future unallowable fund transfers to University Athletics. Until the recent discovery of unallowable transfers by FAMU Division of Audit and Compliance, the University's Board of Trustees and President were unaware of the existence of improper fund transfers and had represented to the Board of Governors Audit and Compliance Committee (AACC), that the University was following the 2016 corrective action plan and only appropriate funds were being used to support University Athletics.

At the direction of the University President, and in coordination with the Board of Trustees, FAMU Division of Audit and Compliance sought support from independent external forensic professionals to help determine the status of the auxiliary fund repayment plan, investigate the existence of new improper fund transfers to University Athletics, and assist in validating the current total amount due to auxiliaries by University Athletics as of the most current date possible.

Carr, Riggs & Ingram, LLC ("CRI") was engaged by the University to provide the requested financial-related forensic services for the period of July 1, 2015, through June 20, 2019 (the "review period"). CRI's forensic procedures were designed to provide detailed responses to six objectives established by FAMU Division of Audit and Compliance. Also requested were two objectives pertaining to process and control recommendations to University Athletics budget process, to ensure that they are appropriate, correctly managed, and comply with applicable laws, regulations, policies, procedures, and accounting principles.

CRI verified the existence of six transfers not in compliance with Board of Governors regulations. Total transactions processed contrary to Board of Governors regulation 9.013 during the review period totaled \$2,687,768.66.

Two of the six verified transfers of auxiliary funds to University Athletics, determined to be contrary to Board of Governors regulation 9.013, and executed outside of normal University administrative processes, totaled \$2,234,006. The remaining four of six verified transfers of non-athletic concession auxiliary funds to University Athletics, determined to be contrary to Board of Governors regulation 9.013, and executed within normal University administrative processes, totaled \$453,763. CRI notes that University management misapplied Attorney General Opinion 072-193, which resulted in the approval and processing of four transfers contrary to Board of Governors regulations.

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CRI verified the actions taken by the University to repay the liability due to University auxiliaries, in accordance with the repayment plan. During the review period, the University had received funds from FAMU Foundation, Inc. and appropriately remitted those funds to the University auxiliaries, in accordance with the repayment plan. CRI noted the funds received from FAMU Foundation, Inc. and remitted to University auxiliaries totaled \$754,904, and exceeded the expected repayment plan amount during the review period by \$73,071. The increased repayment amount indicates the repayment plan was being updated for continued unallowable transfers of University auxiliary funds to University Athletics.

Based on the new transfers of funds to University Athletics, and the payments by University Athletics to University auxiliaries, CRI calculated the current liability due to University auxiliaries at June 20, 2019 to be \$8,946,899.

CRI determined that the two transfers of auxiliary funds to University Athletics, which were conducted outside of University administrative processes, were transacted through management override of controls. The approval of both the University CFO and President were required to transfer University auxiliary funds to University Athletics. Only the approvals of the CFO and Controller were identified with either of the two transfers.

The primary weaknesses identified by CRI, in the controls over transfers of auxiliary funds to University Athletics, were in oversight and monitoring. Although authorization controls had been implemented to prevent such transfers, no effective mechanism for oversight of the authorization process existed, and the controls simply relied on self-monitoring for compliance.

CRI recommends the design and implementation of system-based controls within the University's PeopleSoft system to better mitigate the risk of unallowable transfers of auxiliary funds to University Athletics. The use of system controls, properly designed and implemented, could; limit the ability for an improper transfer to be processed; require system logged approval of all required approvers to conduct a transfer that could potentially be unallowable; or provide automatic notification to pre-determined individuals that a potentially improper transfer was recorded, prompting further oversight or investigation.

August 5, 2019

Joseph Maleszewski
Vice President of Audit
Florida Agricultural and Mechanical University

Carr, Riggs & Ingram, LLC was engaged by Florida Agricultural and Mechanical University (the “University” or “FAMU”) to provide requested financial-related forensic services for the period of July 1, 2015, through onset of this engagement June 20, 2019 (the “review period”) in connection with the transfers of certain University auxiliary funds in support of University Athletics programs contrary to Board of Governors regulations. Attached is our Forensic Report detailing the procedures performed and the results of those procedures. At the University’s request, we have also considered recommendations for improvements to specific areas related to the internal controls over fund transfers and the University Athletics’ budget process.

We have performed this engagement in accordance with statements on Standards for Consulting Services¹ promulgated by the American Institute of Certified Public Accounts (“AICPA”), Standards for Complaint Handling and Investigations for the State University System of Florida and other applicable professional standards for forensic engagements. While our work involved analysis of accounting records, our engagement did not constitute an audit in accordance with generally accepted auditing standards or any other attestation or review service in accordance with standards established by the AICPA. Had other procedures been performed, other matters may have come to our attention that may have affected the findings and recommendations reported herein.

Objectives

The objectives of this engagement relating to auxiliary fund transfers were to:

1. Compile a timeline of key events related to the transfers of certain University auxiliary funds in support of University Athletics programs contrary to applicable Board of Governors regulations.
2. Identify and schedule pertinent transaction dates and amounts related to the repayment plan presented to the Board of Governors on September 21, 2016. This process includes both the Foundation payments to Auxiliary funds on behalf of University Athletics and auxiliary transfers to University Athletics during the review period.
3. Re-compute and validate the repayment plan based on the work performed in accordance with objective 2.

¹ 2015th Edition.

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4. Identify the mechanisms, practices, processes, systems, individuals, and authorizations (verbal and written) which affected the transfers of auxiliary funds in support of University Athletics programs.
5. Evaluate whether these transfers from auxiliary funds to University Athletics complied with applicable laws, regulations, policies and procedures, and accounting policies.
6. Identify weaknesses in University processes related to the accounting and processing of planned repayments from University Athletics to Auxiliary funds to better monitor and prevent future improper auxiliary fund transfers.

As a component of the engagement, we were also asked, based on our work performed, to provide recommendations for the University, which include:

7. Make recommendations for improved controls that will prevent, detect, and correct any further recurrence of improper transfers of University Auxiliary funds to support University Athletics programs.
8. Recommend improvements to University Athletics processes for ensuring that budgets are appropriate, managed, and all related transactions comply with applicable laws, regulations, policies and procedures, and accounting principles.

Scope of Work

Our forensic procedures were to be performed for the period of July 1, 2015, through June 20, 2019, the effective start of our engagement. Our work was limited to the areas identified by FAMU Division of Audit and Compliance as specified in the objectives.

Background Information

FAMU is part of the State University System of Florida, which is governed by the Florida Board of Governors (“Board of Governors”). The University is directly governed by a Board of Trustees (the “Trustees”) which is composed of 13 members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies and provide governance in accordance with the State law and Board of Governors regulations. The University President is selected by the Trustees and confirmed by the Board of Governors. The University President serves as the Executive Officer and Corporate Secretary of the Trustees and is responsible for administering the policies established by the Trustees for the University.

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Auxiliary enterprises are operated by the university or contracted to vendors to provide services and goods to faculty, staff, students, and others. State statute² provides that auxiliary enterprises include various activities such as: housing, bookstores, student health services, continuing education programs, food services, operation of vending machines, day care centers, golf courses, and university athletics programs. Board of Governors regulations³ provides that each university may determine whether its auxiliary services will be self-supporting on an individual or collective basis, with the exception of the university's athletics programs, which must be self-supporting, i.e., not funded by other university auxiliary dollars.

The University accounts for its athletic programs in a separate auxiliary enterprise fund. The University Athletics' program does not produce sufficient cash resources to support its operations without external assistance. University Athletics has experienced annual cash deficits since at least 2008, and has relied on cash transfers from auxiliary funds to support operations. As Board of Governors regulations require a university's athletics program to be self-supporting, these transfers were reported as contrary to Board of Governors regulations by the Auditor General through the operational audit report No. 2014-108 issued in February 2014. Contained in the Auditor General's report No. 2014-108 was a reference to operational audit report No. 2013-103 denoting the existence of continued similar findings.

On September 21, 2016, Kelvin Lawson, Board of Trustees Chair and management provided a presentation to the Board of Governors Audit and Compliance Committee ("AACC") concerning the University's corrective action plan relating to the Auditor General operational audit findings. Within that presentation, the University's then Vice President for Finance and Administration / CFO, Angela Poole, provided the University's plan (See Appendix B) for repayment of auxiliary funds that had been used to support University Athletics' programs contrary to Board of Governors regulations. Included in the corrective action plan was a requirement for the University CFO and President to approve auxiliary transfers to University Athletics, to ensure only allowable sources were used.

As of June 30, 2015, the measurement date of the University's repayment plan presented to the Board of Governors AACC, the University Athletics' program had generated a deficit cash balance of \$7,678,203 of which \$664,169 was transfers from auxiliary or agency funds investment earnings to University Athletics programs. Transfers of investment earnings from auxiliary funds to a university's athletics program are allowable under Florida Statute⁴ with the requirement the transferred balance is used specifically to fund athletic scholarships. Therefore, in accordance with the repayment plan presented to the Board of Governors AACC in 2016, the University committed to a payable of \$7,014,034 to University auxiliary funds. Repayment was to be structured over a 12-year period with zero percent interest.

² Section 1011.47(1), Florida Statutes.

³ Board of Governors Regulation 9.013 *Auxiliary Operations*.

⁴ Section 1011.43, Florida Statutes.

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The repayment plan was based on a funding model of shared resources between University Athletics and the University's Foundation. Beginning in fiscal year 2016/17 the University Foundation would fund the initial payments under the plan while University Athletics would begin contributing to plan payments in fiscal year 2019/20, at which point both organizations would contribute funding through the completion of the repayment plan.

During performance of internal audit functions, William Knight, FAMU Division of Audit and Compliance, Internal Auditor/Investigator, initiated inquiries on April 5, 2019, regarding University Athletics' activities and compliance with the components of an implemented corrective action plan and the auxiliary fund repayment plan. In response to those inquiries, representation was received from Ronica Mathis, Budget Director on May 10, 2019, that there were no transfers of auxiliary funds to University Athletics. On May 14, 2019 Wanda Ford, VP for Finance and Administration/CFO ("CFO") made a correction to the response provided by Ronica Mathis, Budget Director, identifying the existence of auxiliary fund transfers to University Athletics. Through correspondence with Wanda Ford, CFO on May 14, 2019 William Knight, FAMU Division of Audit and Compliance, Internal Auditor/Investigator, received an updated repayment plan prepared by Tiffany Holmes, Controller. This plan had an "as of date" of June 30, 2018, and stated that University Athletics was committed to a repayment of \$9,248,040 to University auxiliaries. FAMU Division of Audit and Compliance staff began gathering information to determine why the repayment amount on the schedule provided significantly exceeded the original repayment plan when the expectation was the balance should have declined due to scheduled repayments.

At the direction of President Robinson in coordination with Board of Trustees Chair Lawson, FAMU Division of Audit and Compliance sought support from independent external forensic professionals to help determine the status of the original repayment plan, investigate the existence of new fund transfers to University Athletics, and assist in validating the current total amount due to auxiliaries by University Athletics as of the most current date possible.

Summary of Procedures Performed

General Procedures

At the onset of the engagement, FAMU Division of Audit and Compliance provided the CRI engagement team with relevant internal reports, external audit reports, correspondence, presentations, and internal accounting relating to the identified transfers of auxiliary funds to University Athletics. The documents provided are detailed in the Appendix A of this report. CRI coordinated with FAMU Division of Audit and Compliance to facilitate and support the acquisition of requested documents for support of specific procedures, including detailed supporting documentation from the University's accounting and records management system PeopleSoft. FAMU Division of Audit and Compliance also assisted in facilitating requested interviews with identified persons of interest currently and formerly employed by the University.

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CRI requested, and performed, interviews with the following employees;

- Larry Robinson – University President
- Kelvin Lawson – Board of Trustees Chair (non-employee)
- Shawnta Friday-Stroud – FAMU Foundation, Inc. Executive Director
- Jessica Huges – FAMU Division of Audit and Compliance Investigations Administrator
- Nicole Reese – Cloud, Assistant Budget Director
- Erica Wilcox – Assistant Athletics Director of Budget
- Rebecca Brown – Assistance Vice President Administrative Affairs

CRI requested, but was unable to perform, interviews with the following employees:

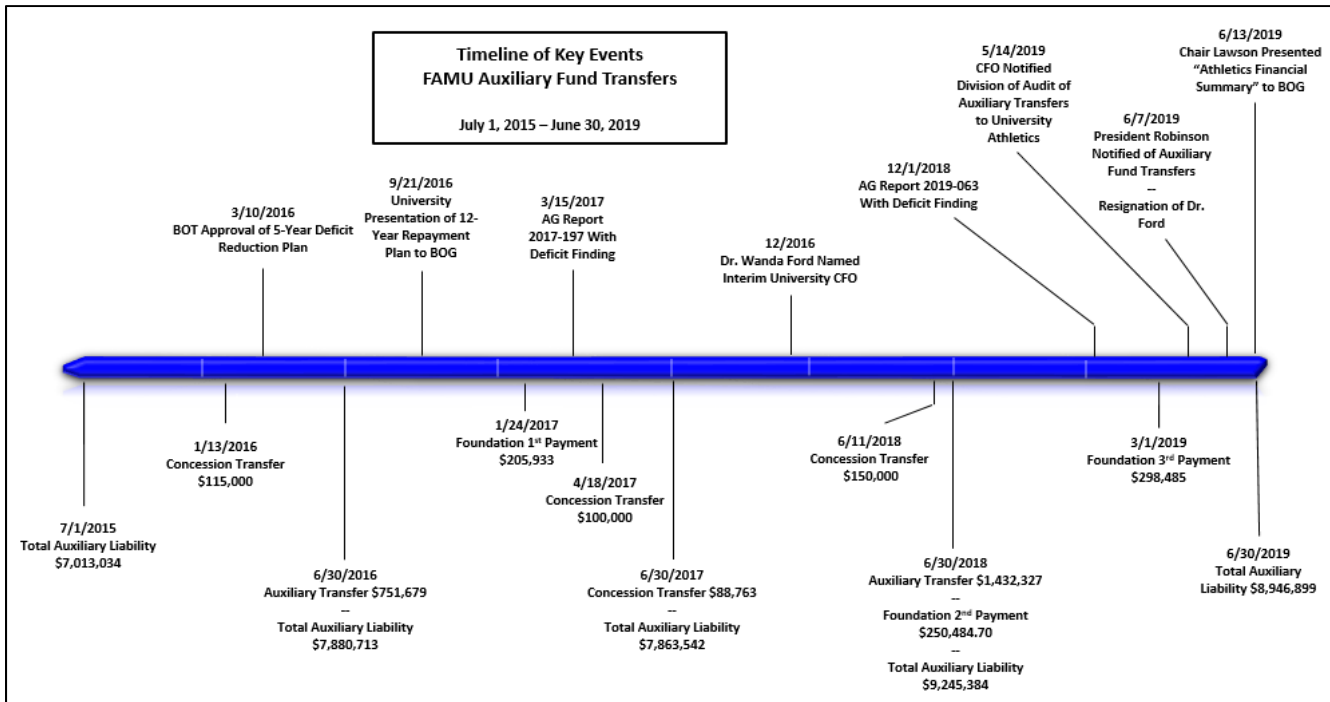
- Wanda Ford – Vice President of Finance and Administration/CFO (Resigned)
- Tiffany Holmes – Controller
- Ronica Mathis – Budget Director

CRI notes that interviews could not be performed with three individuals, as they requested the presence of their personal legal counsel, who could not be made available within the timeframe of CRI's engagement and expected report completion date.

Objective 1 – Compile a timeline of key events related to the transfers of certain University auxiliary funds in support of University Athletics programs contrary to applicable Board of Governors Regulations.

CRI obtained from FAMU Division of Audit and Compliance an established timeline of events related to University Athletic deficits and the identified transfers of Auxiliary funds to University Athletics. CRI validated the information provided by review of supporting records, communications, public statements, account records, payments and receipts. CRI also conducted multiple inquiries with University personnel to support the development of the key event timeline and the other objectives of the forensic engagement. The timeline developed below presents key events that transpired between July 1, 2015, and June 20, 2019.

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Six transfers of auxiliary funds were determined to be contrary to Board of Governors regulations conducted during the review period and is notated on the timeline. Three scheduled payments under the established repayment plan presented by the University to the Board of Governors AACC during the review period are notated on the timeline. Non-financial information notated on the timeline include the date of the University’s presentation of the repayment plan to the Board of Governors AACC, Auditor General reports detailing continued finding on University Athletics deficits, key personnel changes, dates of when the existence of improper auxiliary fund transfers were identified and reported to management, and when updates were presented to the Board of Governors AACC by the Board of Trustees regarding University Athletics.

Not included on the timeline are; the University President’s weekly meetings; University and University Athletics budget planning meetings; Board of Trustees Athletics Committee meetings; monthly briefings on the status of University Athletics budget with President Robinson, Board of Trustees Chair Lawson, and the Board of Governors AACC staff and Chair; and University Athletics Task Force meetings held at varying times throughout the review period. Representations received from multiple University employees and stakeholders including the University President, Board of Trustees Chair, FAMU Foundation, Inc. President, and FAMU Division of Audit and Compliance Investigator indicate that information regarding the issues surrounding University Athletics budget deficits and the appropriate sources of funding for University Athletics was presented regularly by the University CFO, Controller, and Budget Director. Mention of these meetings or events is relevant to the review period as it serves to support that University leadership was working to maintain a culture of compliance through regular communication of University goals and policy, by having

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executive management actively engaged in oversight and addressing issues with the University's operational management team.

Of the non-financial information notated on the timeline, it is important to consider the date of the first two transfers of auxiliary funds (January 13, 2016, and June 30, 2016) during the review period, and the date of the presentation of the University's repayment plan to the Board of Governors AACC (September 21, 2016). As of the presentation date to the Board of Governors AACC, the University had already transferred an additional \$866,679 of auxiliary funds to support University Athletics deficits. During interviews, President Robinson and Board of Trustees Chair Lawson, expressed a clear understanding that transfers of auxiliary funds in support of University Athletics was not an allowable activity, and was not authorized nor known by them.

In gathering initial information regarding the repayment plan, CRI reviewed the Board of Governors AACC minutes of the meeting held September 21, 2016. The minutes disclosed the University's update of a 2013 corrective action plan⁵, which included the presentation of the repayment plan. CRI noted the language used in the minutes focused primarily on the University's continued management of Athletic program cash deficits and the University's actions to resolve those deficits through unallowable use of auxiliary funds.

CRI reviewed the video recording of the September 21, 2016 Board of Governors AACC meeting to observe all of the information provided by FAMU management representatives and any comments from the AACC members. During the portion of the presentation provided by Angela Poole, CFO, which pertained to the use of auxiliary funds and the repayment plan, she stated; "We also are requiring approval from the CFO and the president for any transfers from auxiliary accounts to be sure that only allowed sources are used and that if they [fund sources] are not allowed we will be reporting that to our Board Representative and adding that on to any amounts that need to be repaid with understanding that these are amounts that need to be repaid." This statement stands in contrast to the PowerPoint slide deck (See Appendix B) accompanying the presentation to the Board of Governors AACC and representations made to CRI by the Board of Trustees Chair Lawson and President Robinson who indicated that transfers of this type were not allowable and not authorized and conflict with Board of Governors regulation.

While the University had attempted to lay out a clear path to resolve cash deficits, prevent unallowable uses of funds, and repay previous improper fund transfers, the process was flawed. Transfer of University auxiliary funds, contrary to Board of Governors regulations, was considered to be a potential option that could be taken by Angela Poole, CFO, as long as the transferred amount was disclosed and eventually repaid. CRI notes there were no pertinent follow-up questions to the Angela Poole, CFO's statement, and also notes that this presentation was part of an information section of the meeting and did not correspond with any action item of the Board of Governors AACC. CRI considers the statement made by Angela Poole, CFO, along with the existence of two new

⁵ August 8, 2013 FAMU Board of Trustees 5-year Deficit Reduction Plan.

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auxiliary fund transfers made prior to the presentation, to indicate the repayment liability between University Athletics and University auxiliary funds represented an informal line-of-credit to cover University Athletics cash deficits on an ongoing basis, as it had already been utilized for that purpose.

Objective 2 - Identify and schedule pertinent transaction dates and amounts related to the repayment plan presented to the Board of Governors on September 21, 2016. This process will include both the Foundation payments to Auxiliary funds on behalf of University Athletics and auxiliary transfers to University Athletics for during the review period.

At the onset of our engagement, CRI received a schedule of known transfers from auxiliary funds to University Athletics that were identified by FAMU Division of Audit and Compliance. The objectives of our forensic procedures performed on the this schedule were to verify the existence of those transfers, perform a search for other transfers contrary to Board of Governors regulation, and research the existence and treatment of repayment funds received from FAMU Foundation, Inc. in accordance with the repayment plan. CRI obtained the financial general ledger detail from PeopleSoft⁶ for University Athletics (fund 115) and University Auxiliaries (fund 116) for the fiscal years ending June 30, 2016, 2017, 2018, and 2019, respectively. With these ledgers, we performed forensic procedures for all transactions posted to both fund 115 and 116 indicating the transaction contained activity or represented an event impacting both funds. CRI reviewed the population of activity impacting both funds 115 and 116 for transactions containing cash activity which would represent the transfer of monies between the funds. During our general inquiries and activities gaining relevant records and documents we were informed that although University Athletics is maintained in its own fund code in the accounting system, its cash is held in the same bank account with all other auxiliary funds of the University. CRI's analysis of these records results in the only evidence of transfer between the University Athletics fund and any other auxiliary fund would be found in the PeopleSoft accounting ledgers.

CRI obtained the supporting documentation for all transactions of funds from Auxiliary fund 116 to University Athletics fund 115 that contained cash activity. Based on the forensic procedures performed over the supporting documentation retained in PeopleSoft including; system review and approval logs, email correspondence, sample ledger entries, and custom excel schedules, CRI verified the existence of six transactions that appeared to not be in compliance with Board of Governors regulation. Five of the six verified by CRI transactions had been initially identified by FAMU Division of Audit and Compliance.

CRI also obtained documentation for three transfers of funds from FAMU Foundation, Inc. that was responsible for providing the initial three payments under the repayment plan presented to the Board of Governors AACC in 2016. CRI verified the receipt of the three payments through review of the PeopleSoft accounting ledger and review of the retained deposited check image. CRI then

⁶ An Oracle Enterprise Resource Planning software system utilized by FAMU

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reviewed the PeopleSoft accounting ledger for the three transactions, which represented the repayment of funds to auxiliary funds as defined under the repayment plan. CRI noted that the three payments received from the University’s Foundation and remitted to the auxiliary funds were in excess of the initial repayment plan amounts by a total of \$73,070.59. Variance in the repayment amount will be addressed in the response to Objective 3.

Figure 1		
Intercollegiate Athletics Program Auxiliary Enterprise Fund, Auxiliary Fund Liability Rollforward		
Date	Description	Amount Owed to Other Auxiliary Enterprises
7/1/2015	Fiscal Year Beginning	\$ 7,014,034.00
1/13/2016	Auxiliary Transfer (Concession)	115,000.00
6/30/2016	Auxiliary Transfer	751,679.00
6/30/2016	Fiscal Year End	7,880,713.00
1/24/2017	Repayment	(205,933.89)
4/18/2017	Auxiliary Transfer (Concession)	100,000.00
6/30/2017	Auxiliary Transfer (Concession)	88,762.66
6/30/2017	Fiscal Year End	7,863,541.77
6/11/2018	Auxiliary Transfer (Concession)	150,000.00
6/30/2018	Auxiliary Transfer	1,482,327.00
6/30/2018	Repayment	(250,484.70)
6/30/2018	Fiscal Year End	9,245,384.07
3/1/2019	Repayment	(298,485.29)
6/30/2019	Fiscal Year End	\$ 8,946,898.78
<i>Source: University PeopleSoft Ledgers</i>		

Included in the calculated total repayment amount (Figure 1) are four transfers of non-athletic concession⁷ funds from auxiliary funds to University Athletics totaling \$453,762.66. In its consideration of non-athletic concession funds, the University relied on Attorney General Opinion 072-193 (See Appendix C) supporting the use of non-athletic concession funds for use by a university’s athletics program. Subsequent to this issuance of Attorney General Opinion 072-193, the Board of Governors was created and established regulations specifically disallowing proceeds from the sale of foods and goods by an auxiliary fund to support a university’s athletics program.

⁷ Non-athletic concession funds represent auxiliary funds generated through University vending and concession activities not related to University Athletic events or programming.

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Based upon the consideration that Attorney General Opinion 072-193 was still effective the University did not modify its treatment of non-athletic concession funds and utilized those funds by University Athletics when considered necessary. These transfers were contrary to Board of Governors regulation 9.013 and the balance should be repaid to the University's auxiliary funds. If the University's position on these specific fund uses were to be considered allowable then the total repayment amount would be reduced to \$8,493,136.12 compared to the calculated balance of \$8,946,898.78 presented in Figure 1.

Objective 3 - Re-compute and validate the repayment plan based on the work performed in accordance with objective 2.

The University's repayment plan presented to the Board of Governors AACC was composed of a 12-year repayment period, where the initial three years of payments, starting in fiscal 2016, would be facilitated by the University's Foundation. After the initial three payments under the plan and for the remainder of the plan, the Foundation would continue to make payments at a fixed amount of \$269,593.54, and University Athletics would pay an escalating amount annually starting at \$51,742.36, which was expected to be generated from proceeds from normal operations. As noted in Objective 2 above, CRI verified the existence of the three scheduled payments from the Foundation which were received and deposited by the University Controllers office. CRI also reviewed the PeopleSoft ledger activity representing the allocation of the repayment amounts across the impacted auxiliary funds, in accordance with the 2016 repayment plan presented to the Board of Governors.

CRI compared the actual payment amounts to the projected plan payments noting each of the three payments were roughly 9.7% greater than the scheduled plan payment amounts. Total payments made to auxiliary funds from University Athletics totaled \$754,903.88 while scheduled plan payments totaled \$681,833.29. The remainder of the payments to be made by FAMU Foundation, Inc. and University Athletics under the 2016 repayment plan, have yet to become due, therefore no additional payments have been recorded.

The 2019/20 fiscal year is the first year where repayment funds are to be derived from cash generated by University Athletics. University management has not requested CRI address the repayment plan other than calculation of the total repayment balance. Therefore, we have not prepared a revised or updated repayment plan. Due to the continued transfers of auxiliary funds by University Athletics subsequent to the June 30, 2015, repayment plan measurement date, the repayment plan must be re-evaluated based on current factors including: the total balance due to University auxiliary funds, projected budget surplus or deficit for the current fiscal year, the projected funding availability of FAMU Foundation, Inc., and the consideration of the repayment term compared to the original plan. Without modifying the repayment plan, the funding requirement to be generated over the remaining nine years of the repayment plan exceed the original plan by approximately \$1,076,000 based on management's original repayment allocation model between FAMU Foundation, Inc. and University Athletics funds. If this additional repayment

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amount was simply applied evenly over the repayment period, it would increase University Athletics funding requirements by approximately \$119,000 per year.

Objective 4 - Identify the mechanisms, practices, processes, systems, individuals, and authorizations (verbal and written) which effected the transfers of auxiliary funds in support of University Athletics programs.

CRI considers the population of improper transfers of auxiliary funds to University Athletics to be composed of two categories of transfers; unspecified gap funding⁸, and non-athletic concession funding.

Unspecified Gap Funding Transfers

CRI verified the existence of two transactions recorded on June 30, 2016, and June 30, 2018, totaling \$2,234,006 of auxiliary funds transferred to University Athletics considered to be improper under Board of Governors regulation 9.013 and University administrative processes. These transactions were processed outside of the normal order and flow of the University's established accounting process. Per the supporting documentation obtained which included PeopleSoft approval logs, retained email correspondence, and interviews, no evidence was identified that indicate President Robinson or any member of the Board of Trustees had knowledge or were involved in the approval of these transfers. Persons included in the transfer request process include (in order of seniority) Angela Poole (CFO 3/2016 – 10/2016), Wanda Ford (CFO 12/2016 – 6/2019), Tiffany Holmes (Controller), Keisha Jackson (Assistant Controller), and Jahan Momen (Assistant Controller). Individuals with approval authority who executed that approval authority within the PeopleSoft system for improper auxiliary fund transfers consisted of Tiffany Holmes (Controller). Individuals with approval authority who executed that approval authority outside of the PeopleSoft system for improper auxiliary fund transfers consisted of Angela Poole (CFO 3/2016 – 10/2016) and Wanda Ford (CFO 12/2016 – 6/2019). Per the repayment portion of an ongoing University corrective action plan, in order for the University to transfer auxiliary funds to University Athletics, approval of both the CFO and President must be obtained. In both identified transfers only approval by the CFO or CFO staff was identified.

CRI notes that the occurrence of unspecified gap funding transfers conducted outside of Board of Governors regulation 9.013 and University administrative processes is the result of management override of controls. University administrative processes required authorization from both the CFO and the President to conduct transfers from auxiliary funds to University Athletics, and the transfers identified were processed without the required authorization.

⁸ For purposes of this report gap funding are the funds used to cover a shortfall between revenues received or receivable and expenses incurred or projected to balance the budget and eliminate any cash deficit.

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Non-Athletic Concession Transfers

CRI also verified the existence of four transactions totaling \$453,762.66 of non-athletic concession monies transferred from auxiliary funds to University Athletics. These transfers are considered to be improper under Board of Governors regulation 9.013. As management considered the transfer of non-athletic concession funds from auxiliaries to be an allowable activity based on the University's reliance on Attorney General Opinion 072-193, the fund transfers were treated under the normal budget and finance processes with a budgetary approval being authorized by the University President. Individuals included in the transfer request process include (in order of seniority) Larry Robinson (President), Angela Poole (CFO), Wanda Ford (CFO), Tiffany Holmes (Controller), and Jahan Momen (Assistant Controller). Individuals with approval authority who executed that approval authority within the PeopleSoft system for improper auxiliary fund transfers consisted of Tiffany Holmes (Controller). Individuals with approval authority who executed that approval authority outside of the PeopleSoft system for improper non-athletic concession fund transfers from auxiliaries consisted of Larry Robinson (President), Angela Poole (CFO), and Wanda Ford (CFO). Per the repayment portion of an ongoing University corrective action plan, in order for the University to transfer auxiliary funds to University Athletics, approval of both the CFO and President must be obtained. CRI notes the transfer of non-athletic concession funds from auxiliaries appears to have been conducted in accordance with University administrative processes, but not in compliance with applicable Board of Governors regulation 9.013 as noted above (See Objective 6 for detailed information).

CRI notes that the occurrence of non-athletic concession transfers conducted outside of Board of Governors regulation 9.013 is the result of misapplication of Attorney General Opinion 072-193. University administrative processes required authorization from both the CFO and the President to conduct transfers from auxiliary funds to University Athletics, and the transfers identified were processed with the required authorization.

For all fund transfers identified from auxiliary funds to University Athletics, no additional approval or authorization was required within the PeopleSoft system, beyond the normal single system approval for any transaction posting. CRI notes that no additional reporting measures were established relating to the transfer of auxiliary funds to University Athletics which would have provided notice to designated individuals that a transaction had been processed which requires additional review and oversight.

Objective 5 - Evaluate whether these transfers from auxiliary funds to University Athletics complied with applicable laws, regulations, policies and procedures, and accounting policies.

Based on our review of Board of Governors regulation 9.013 and the University administrative process established by University management in its 2016 presentation to the Board of Governors AACC regarding the use of auxiliary funds by University Athletics, all six transfers identified and verified through our procedures are considered to be unallowable.

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Objective 6 - Identify weaknesses in University processes related to the accounting and processing of planned repayments from University Athletics to Auxiliary funds to better monitor and prevent future improper auxiliary fund transfers.

Based on our review of the repayment plan as presented by University management to the Board of Governors AACC on September 21, 2016, the only specific control established was the requirement that any transfers of auxiliary funds to University Athletics be approved by both the University's CFO and President. We identified no evidence where approval of auxiliary fund transfers to University Athletics were authorized by President Robinson, as required by the repayment and corrective action plan presented to the Board of Governors AACC in 2016. Additionally, President Robinson stated that he never provided authorization of transfers, was never requested to provide authorization, nor was the existence of transfers brought to his attention. Through his representations during our interview and review of email correspondence President, Robinson did authorize the transfer of non-athletic concession funds to University Athletics from auxiliary funds, in accordance with the University's position that those specific transfers were allowable, due to the misapplication of Attorney General Opinion 072-193.

For the controls proscribed in the presentation by University Management to the Board of Governors AACC on September 21, 2016, in the absence of the President's approval, the CFO or the Controller are responsible for preventing the transfer of the auxiliary funds to University Athletics. Supporting evidence obtained during our procedures include PeopleSoft approval and posting logs and email correspondence documenting the CFO's approval, and the Controller's approval and transfer of non-concession related auxiliary fund transfers to University Athletics on two occasions during the review period June 30, 2016, and June 30, 2018. CRI notes that no documentation was located that demonstrates the CFO or Controller attempted to obtain approval of these transfers or communicate the existence of the transfers to the University President, except for the transfer of non-athletic concession funds.

A key point identified above is the divergence of practice regarding the transfer approval process followed by the University CFO and Controller. Approval of non-athletic concession transfers to University Athletics was obtained for the four identified transfers, demonstrating the ability for the transfer approval process to be conducted in its entirety. This stands in contrast with the two unspecified gap funding transfers of auxiliary funds, performed without the final required approval of the University President.

CRI notes that contained in Auditor General Operational Audit Report No. 2019-063, issued December 2018, specific mention was provided regarding the University's use of non-athletic concession funds for University Athletics programs. Also contained within the Report was the Auditor General's analysis of the rationale provided by University management regarding the specific use of non-athletic concession funds. The Report noted that the Attorney General Opinion being relied upon by management did not conform to newer regulations established by the Board of Governors regarding the use of non-athletic concession funds, while not specifically listed as

FAMU Athletics Use of Auxiliary Funds Forensic Report

unallowable for use by an athletics program, was an unallowable use of auxiliary funds. Upon receiving and reviewing Auditor General Operational Audit Report No. 2019-063 the University made a change to its administrative processes on the use of non-athletic concession funds. CRI identified no transfers of non-athletic concession funds to University Athletics, subsequent to the Auditor General Report date.

System Controls – Preventative

CRI noted that only one authorized approval was required to effect transfers within the PeopleSoft system, and no other system controls exist that differentiate fund transfers from any other transaction recorded in the PeopleSoft system. All of the controls established by management regarding transfers between auxiliary funds and University Athletics appear to be manual controls, which can be effective when appropriately designed and managed. Manual controls are inherently susceptible to failure or override due to the need for human action to ensure the control operates as designed.

System Controls – Reporting

CRI identified no additional system controls were implemented in regards to fund transfers between auxiliary funds and University Athletics. No control was established to report on the recording in the PeopleSoft accounting system of higher risk transactions like fund transfers to University Athletics. A reporting system control would allow management to more quickly identify the existence of improper activity and more quickly remediate the issue without reliance on human action to initiate the control. CRI notes that University management created several forums where employees could report the existence of transfers of auxiliary funds to University Athletics. This included meetings where Budget Status Reports were presented by Ronica Mathis, Budget Director to update management on the budget status and any identified gap in funding. On October 2, 2018, Wanda Ford, CFO sent Ronica Mathis, Budget Director an Excel file titled "Athletic Deficit FY 18" which contained a PeopleSoft journal entry and a schedule of the 2018 University Athletics detailing the transfer of University auxiliary funds to University Athletics totaling \$1,482,327 for the year ended June 30, 2018. This reinforces the weakness of reporting controls based on human action, as even with the direct inquiry sent to Budget Director Mathis by FAMU Division of Audit and Compliance on April 5, 2019, her response on May 10, 2019 indicated there were no transfers of auxiliary funds to University Athletics.

CRI notes that FAMU Division of Audit and Compliance represents on June 21, 2019 a control was implemented in PeopleSoft, to automatically report to defined individuals all transfers to University Athletics.

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System Controls – Monitoring

Commonly in accounting and finance, activity of high-risk transaction processes or accounts are subsequently reviewed through a reconciliation or verification process. This process while not able to prevent an improper transaction from being posted, like the reporting process above, allows for potential improper transactions to be more quickly identified and remediated. The performance of system-based controls establish clear and consistent documented evidence of management and oversight of higher-risk activity.

University Athletics Periodic Budgetary Reporting

We received University Athletics budget general ledgers and final approved operating budget documents during the review period to validate if the board-approved budgets were correctly recorded into the budget general ledger. For the two years reviewed (fiscal year 2017/18, and 2018/19), we identified errors in the expenses and revenues recorded to the budget general ledger. For fiscal year 2017/18 expenses recorded to the budget general ledger were \$50,000 greater than the governance approved amount. Additionally for the fiscal 2017/18 year; \$100,000 for concession revenue was recorded into the budget general ledger which was not contained in the final board-approved budget. This concession budget amount appears to represent the non-athletic concession fund transfers documented in the response to Objective 4 and 6 of this report.

CRI notes that the University's independent auditor for University Athletics reported a significant deficiency regarding supporting documentation not reconciling to the general ledger and the cause of deficiency was the lack of defined control systems over the reconciliation function.⁹

We determined, through interviews of key personnel that University management and governance relied on a specific budget-to-actual and projection report for University Athletics which was manually prepared by the University's Budget office. We obtained copies of this report from FAMU Division of Audit and Compliance for the fiscal years of 2017/18 and 2018/19, noting these reports were not maintained in a specific area and some years during the review period could not be obtained within sufficient time to be included in the report. We compared the available budget review reports to the associated budget ledgers and general ledgers maintained in PeopleSoft to attempt to validate the information being presented. We also compared a sequence of months of the budget report to consider the consistency and accuracy of the information being presented between reported periods.

⁹ FAMU Intercollegiate Athletics Program June 30, 2017, Audited Financial Statements, Finding 2017-001.

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Based on our procedures we identified the following issues in the presentation of the budget and actual information:

For the monthly budget review data (See Appendix D for an example report) in fiscal year 2017, the reports appear to provide the difference between the total annual budget per account expense to date with the resulting difference being presented in a column titled "Projections." We identified several instances where the figure calculated in the Projections tab included projections as determined by management judgement and not the expected calculated difference of the budget and actual columns. Support or information for these management judgements were not included on the reports. CRI was not able to determine what the numbers represented or their source. We also identified instances where fields in the actual and/or projection columns were blank where a balance would have been expected.

The errors indicate significant issues with the budget management process. The way information being presented to users is not prepared or reconciled in an accurate, consistent, or transparent manner. Due to the budget reports from April to June of 2018 not being readily available and supporting documentation of the University's budget oversight process not being consistently maintained, we were not able to gain further understanding of the budget management and internal reporting processes. It is likely that additional findings may be identified upon reviewing of these documents.

Objective 7 - Make recommendations for improved controls that will prevent, detect, and correct any further recurrence of improper transfers of University Auxiliary funds to support University Athletics programs.

University management should seek to establish controls that prevent the transfer of auxiliary funds to University Athletics that do not conform with Board of Governors regulations.

These controls should include a mix of automated controls and manual controls including, but not limited to, the following:

- System requirement for the authorization of more than one person to post transfers over a certain dollar threshold or from/too particular funds.
- System restriction of auxiliary transfers to University Athletics without authorization provided by the University President.
- System generated notification to the University CFO, President, and FAMU Division of Audit and Compliance of all transfers to University Athletics.
- System requirement for authorization by a specific person, potentially outside of the accounting function, for transfers to University Athletics.
- Manual reconciliation process performed monthly or quarterly of all fund transfers, or absence of transfers to University Athletics from any source that must be reviewed, approved by financial management staff, and approved and retained by the President's office.

FAMU Athletics Use of Auxiliary Funds Forensic Report

- Require documented review by signature of University Policies and Procedures, relevant Board of Governors regulations, and State and Federal laws by employees involved in the processing, reconciliation or oversight of financial activity.

Within the limitations of our objectives, we determined the unallowable transfers were influenced by issues involving the development, management, and oversight of University Athletics budget. We were not specifically engaged to consider fraud, however, based on the procedures performed, we found no evidence of individual personal gain from the transfers received by University Athletics during the review period. The controls presented above seek to address a risk associated with the authorization or restriction of certain transfers. The perceived need for those transfers was a result of underlying pressures and issues of the financial and operational management of University Athletics. The annually occurring operating and cash deficits of University Athletics and the associated Auditor General findings have created an environment where in the event the initial plan or budget begins to break down, effective and measured decision making becomes overshadowed by the perceived need to prevent continued cash deficits. Threats to effective management and decision making are also impacted by limited financial and human resources. Organizations as large and complex as the University are structured to spread responsibility across the organization as all of the needs of the University cannot be effectively carried out by a few individuals. As resources become scarce but the obligations of the University are not adjusted, pressures are created that would not exist under ideal circumstances. These pressures often result in the shifting of responsibility from the business structure onto key employees in an attempt to maintain the activities of the University at a consistent level. These pressures are an entry point for poor decision making or decision making that becomes narrowed and does not appropriately reflect the needs of the University as a whole beyond the immediate issue being addressed.

Objective 8 - Recommend improvements to University Athletics processes for ensuring that budgets are appropriate, managed, and all related transactions comply with applicable laws, regulations, policies and procedures, and accounting principles.

University Athletics stands out from all other departments of the University in that it has a regulatory mandate to be self-supporting and not utilize other auxiliary funds. University Athletics is also faced with the limitation of annual revenue being subject to large potential swings based on various external factors including, the popularity and attendance of sporting events, interest or investment of season ticket holders, athletic program success in a given sport increasing or decreasing the number of games. Variability in revenues results in management having to predict current year trends based on historical activity and expectation of the current year's program success and expected game attendance. A strong potential for overestimation of revenues exists as the persons responsible for developing the budget may be subject to bias created by their desire for the athletic programming to succeed, inflating their perception of the revenues that could potentially be generated.

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Conversely, in development of the expense portion of the budget, management should have available a historical detail of expense incurred at the lowest available level of programming or activity. With this information management could then build the budget up from each event based on historical actual costs. Management should also consider the impact of participation in extra games and events due to program success, tournament appearances, etc. that may not be a part of the standard program calendar. Participation in these events are the goals of the student athletes, coaches, student body, affiliate groups and fans, and not including the potential impact of participating in these events in the budget process creates the likely situation of the University having to react to covering additional program costs that could have been projected and budgeted in the initial budget process.

Based on interviews with representatives of the University's Board of Trustees, Division of Audit and Compliance, management and operations staff, multiple examples were provided where the lack of complete or timely information created opportunities for decision making contrary to University policies and procedures.

The budget process should be driven by accurate historical information and an informed needs-based assessment of expected operations. Management should determine what information is needed to create a complete and accurate schedule of prior year University Athletics activity. What steps need to be taken to develop and obtain historical information, and what changes need to be made to existing processes to efficiently record and retain that information. Currently, information retained in the financial general ledger and budget ledgers reflect the total activity of University Athletics, but are not designed to accurately reflect the net or gross activity of individual programs, sports, or major events.

Development of the University Athletics' budget should involve the University Athletics' accounting and budget staff throughout the entire process including final reconciliation and approval. Employees who have the institutional knowledge of University Athletics at the program and sport level, can best represent those activities when discussion of cuts to various budget line items are considered. The budget development process should also take into account the actual ability for University Athletics to cut costs without impacting program delivery at the expected level. University Athletics has incurred a funding deficit annually since at least 2008 and this could be attributed to the difference between management's expectation of University Athletics' ability to reduce costs, and the operational realities of delivering the athletics program at its current size.

Establishing a consistent budget development process that is data driven and aligns with University goals can help to alleviate the impact of change in athletic administration. The University has experienced frequent changes in the Athletic Director position during the review period and earlier (See Appendix F), which traditionally is accompanied by significant turnover in an athletics department staff. Frequent turnover of these positions can hinder the ability for University Athletics to establish a culture that is fully aligned with University goals. Development of a University Athletics culture that is structured on the University's guiding principles of quality, integrity,

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transparency, accountability, core values, and outstanding customer service, can create an environment that is more financially stable in the face of frequent change in administration.

Effective management of the budget throughout the year is contingent on the appropriate individuals within the offices of the Controller, Budget, and University Athletics having accurate and timely information on the obligations, expenses, and fund availability of University Athletics. Through our procedures we identified the existence of expenditures outside of the normal procurement process. This results in the potential delay or recognition of liabilities payable to vendors. The existence of numerous expenditures outside of the normal procurement process represents a disconnect between the control structure of the normal procurement process and the perceived operational demands of University Athletics staff. Management should evaluate whether some processes need to be modified to ensure University procurement policies can be followed while supporting the activities of University Athletics programs, which may significantly differ from the activities of the rest of the University. By working to reduce the occurrence of expenses outside of the normal procurement process, the information contained in the PeopleSoft general ledger becomes more timely and useful for effective decision making.

University Procurement Process

During interviews with key individuals, several statements were made regarding the existence of payments for goods or services where those activities were solicited or obtained outside of the University's defined procurement process. According to the University's procurement policy, departments are required to submit to the Office of Procurement Services a purchase requisition with the required documentary support and approvals. Submitted purchase requisitions then go through a verification process and budget check verifying existence of available funds in the budget and review for completeness of the requisition documentation in accordance with University policies. Once approved, a purchase order is created to be submitted to the external vendor as supporting authorization for the vendor's services to the University. Once goods or services are rendered an invoice would be submitted by the vendor referencing the purchase order number at which point the University's disbursement/payment process would begin.

After receiving several comments about goods and services being received by the University outside of the University's normal procurement process, we inquired of the Office of Procurement Services how transactions processed outside of the normal procurement process were handled. We also inquired if the University had reports or data available on transactions processed outside of the normal procurement process. We spoke with the Director of Purchasing, Mattie Hood, and she explained how the University handles the identification of the University receiving goods or services without an authorized purchase order. When an invoice is obtained for goods and services already received by the University, the Office of Procurement requires an after-the-fact justification form to be completed to; state the reason(s) a purchase order or contract was not executed before acquiring the goods or services, justification of why the payment should be made to the vendor, and what corrective action will take place to ensure compliance with University

FAMU Athletics Use of Auxiliary Funds Forensic Report

policies and procedures. She noted that the Office of Procurement will accept the provided invoice and create a voucher in the system to begin formal tracking of the activity. When a completed after-the-fact justification form and support needed to validate the expenditure for appropriate coding and budget check is provided, the Office of Procurement moves the voucher through the normal procurement validation process. When the purchase order is issued, the invoice and support would be submitted to the University Controller’s office to begin the standard disbursement process.

The Director of Procurement indicated that she was not aware of any reporting that captured the volume of these types of transactions or any other attributes that may be common to the transactions identified outside of the standard procurement process. To obtain information on the population of transactions where goods or services were likely received prior to obtaining a purchase order, we were directed to University Office of Information Technology to have a custom report created. CRI requested and obtained a series of reports for the fiscal years 2016 - 2019 based on the date of the invoice received, which also included the purchase order number and date, invoice amount, check amount and date, and the journal ID. With this data, we were able to run a series of analytics to understand this specific population of transactions over the review period. Figure 2 represents a high level review of the information obtained by year and total.

Description	2015/16	2016/17	2017/18	2018/19	Total
Number of invoices dated before the PO date	121	182	94	80	477
Total number of invoices received during the period	1,044	822	863	768	3,497
Percentage of invoices dated prior to the PO date to total invoices received during the period	12%	22%	11%	10%	14%
Dollar amount of invoices dated before the PO date	\$ 130,612.82	\$ 266,382.87	\$ 122,103.07	\$ 140,663.17	\$ 659,761.93
Total dollar amount of invoices received during the period	\$ 2,302,486.52	\$ 1,988,233.80	\$ 3,263,369.80	\$ 2,663,448.71	\$ 10,217,538.83
Percentage of dollar amount of invoices dated before the PO date to total invoices received during the period	6%	13%	4%	5%	7%
Average dollar amount of invoices dated before the PO date	\$ 1,079.44	\$ 1,463.64	\$ 1,298.97	\$ 1,758.29	\$ 1,383.15
Average number of days between invoice and PO dates when the invoice is dated before the PO date	117.7	169.5	86.8	69.5	110.9
Average number of days between the check date and the PO date when the invoice is dated before the PO date	16.3	19.2	14.1	12.6	15.5

The table above, developed by CRI from data provided by the University Office of Information Technology, was created with an emphasis on the invoice date, not the purchase order date or the check date. For this reason, the information presented does not reflect how many transactions requiring after-the-fact justification were processed within a fiscal year, but show when those invoices originated. With that in mind, the analysis above primarily compares the two types of invoices to show the volume of transactions requiring remediation. Based on the information provided for the four-year period, 477 invoices totaling \$659,761.93 were received

FAMU Athletics Use of Auxiliary Funds Forensic Report

by the University without reference to a purchase order and requiring after-the-fact justification of the activity. This indicates that 14% of all invoices and 7% of the dollar amount of all invoices received during the review period were connected to goods or services not procured through the regular procurement process. The average dollar amount of these invoices was \$1,383.15. Over the four year period, the average number of days between the invoice date and the date of a subsequently obtained purchase order was 110.9 days. The average number of days to issue checks for these invoices, once a purchase order is approved, is 15.5 days. This is compared to the average 50.6 day timeframe between traditional approval of purchase orders and issuance of payment, which account for the time for goods or services to be provided and validated by the University. The largest invoice identified requiring after-the-fact justification was dated in October of 2016 for \$75,000. The longest period between invoice date and subsequent purchase order approval date was 583 days.

We note the analysis above represents information captured in the system for analysis of the prevalence of processing of invoices being identified without an associated purchase order, and is not a reflection of the appropriateness of the actual processing or the ultimate disbursement. The University and University Athletics may have justifiable reasons why some activity cannot be processed through the standard procurement process due to the circumstances. Additionally, the population of invoices above could contain expenditures that if processed through the normal procurement process could have been delayed, disallowed, or renegotiated to better obtain greater cost savings in consideration of the University Athletics' budget. We were not directed by management to consider those issues in detail and our procedures were not designed to evaluate those issues to reach a conclusion. The goal of performing our analysis was to present the type of analysis that can and likely should be performed to gain a better understanding of the exceptions that may exist to the University's intended processes, to provide more data-driven and fact-based information to better inform management's decision making.

The University's existing budget and procurement policies appear to reflect typical industry practices. This statement includes consideration of the identified transactions where goods and services were received before an approved purchase order was created. The University has an established process for handling those issues when identified to ensure compliance with University policies and applicable Board of Governors regulations and State statute, and has demonstrated the ability to apply those policies when needed. Execution of any process may be improved and University management should set aside time to review the processes and associated record keeping that support eventual decision making, including development of the budget. Specifically to the budget process, a completed budget year or series of years should be reviewed to identify where the budget process was successful and where improvements could be made based on actual results. This should be documented and incorporated into new policies or guidelines to ensure implementation in future budget development.

FAMU Athletics Use of Auxiliary Funds Forensic Report

Subsequent Events

During preparation of our report, we were informed on July 29, 2019, by FAMU Division of Audit and Compliance, that information was presented to the University President and University staff that appeared to contain material errors in the presentation of revenues and the calculated University Athletics' budget deficit for the year ended June 30, 2019. The email correspondence from the Interim VP for Finance and Administration/CFO to the University President and the other staff present was provided to CRI, including an attached amended University Athletics Budget report. That email clearly summarized the information that was found to not be correct or up-to-date and the impact on the information originally provided to the President and staff on July 26, 2019.

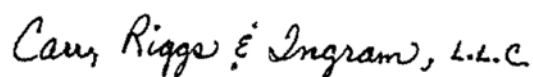
This information was provided specifically to inform CRI that included in the misstatements identified in the presented information, the third payment made by FAMU Foundation, Inc. under the 2016 repayment plan presented to the Board of Governors AACC, was being presented as a contribution to University Athletics and not reflected as a pass through payment to the University auxiliary funds. This misstatement contributed to the understatement of the fiscal 2018/19 University Athletics' budget deficit.

CRI considers the existence of the identified error to represent the continued impact of inadequate information management and reliance on manually created reports that do not appropriately reconcile to the general ledger or budget general ledger. CRI also considers the way the revised information was presented to the University President, including; identification of the specific misstatements in information previously reported, presentation of the corrected information with a description of its overall impact, and disclosure of how that information was obtained and validated, was a very effective demonstration of how clear, transparent, data driven financial reporting can quickly add value to management's decision making process. We also want to note that the misstatements identified were researched, resolved, and reported to the University President within one business day, and along with the corrected information a new format was presented for consideration for future use to help ensure information is consistently and accurately reported for decision making.

Restrictions

This report is intended solely for the use of Florida Agricultural & Mechanical University Board of Trustees and should not be used for any other purpose without prior permission from CRI. We have no obligation, but reserve the right, to update this report for information that comes to our attention after the date of this report.

Sincerely,



Carr, Riggs & Ingram, LLC



FAMU Athletics Use of Auxiliary Funds Supplementary Information Appendix A – Source Documents


Source Documents

We reviewed and relied upon the following documents during the performance of our procedures:

- Financial General Ledgers, Fiscal 2015/16 – Fiscal 2018/19;
- Budget General Ledgers, Fiscal 2015/16 – Fiscal 2018/19;
- Budget Policy Manual;
- Procurement Policy Manual;
- P-card Policy Manual;
- Board of Governors Regulations;
- Pertinent Florida Statute;
- Athletic Budget Review Reports, Fiscal 2016/17 – Fiscal 2018/19 (as available);
- Various Athletic deficit funding reports and projections;
- Retained authorization and system posting support for all improper auxiliary fund transfers;
- Retained authorization and system posting support for all repayment plan payments;
- Available support for a selection of transactions processed outside of the defined procurement process;
- Historical Attorney General Opinion 072-193;
- FAMU Auditor General Operation Audit Reports issued in 2014, 2017, and 2018;
- Board of Governors meeting minutes and video recordings of September 21, 2016 meeting;
- Board of Trustees March 12, 2018 response to JLAC letter dated January 16, 2018;
- Board of Governors Summary of Research Memorandum to FAMU dated February 4, 2016;
- FAMU Division of Audit and Compliance prepared timelines of pertinent activity relating to auxiliary fund transfers;
- FAMU Division of Audit and Compliance prepared timeline of Athletic Director Turnover;
- FAMU Division of Audit and Compliance prepared timeline of University Executive Staff Turnover;
- Available emails.

FAMU Athletics Use of Auxiliary Funds
Supplementary Information
Appendix B – 2016 Auxiliary Fund Repayment Schedule

FLORIDA **A&M** UNIVERSITY




Athletics Update

PRESENTED BY

Angela Poole, CPA, CGMA
Vice President for Finance and Administration/CFO

Florida Agricultural and Mechanical University

September 21, 2016




Background Information on Auxiliary Funds

- Consistent with SUS institutions, Florida Agricultural and Mechanical University, uses the term “auxiliaries” to represent a number of revenue generating activities¹.
- Since auxiliaries/educational business activities are primarily revenue-generating business type activities, their spending authority is controlled by available cash.
- Pursuant to BOG Regulation 9.013 FAMU has determined that the auxiliaries will be self-supporting on a *collective basis, except for athletics*. As such, the non-Athletics auxiliary funds are maintained in a single bank account.

¹ Based on review of auxiliary policies of the University of Florida, Florida International University, Florida Atlantic University, Florida State University, and University of North Florida

Preliminary and Tentative



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FAMU Athletics Use of Auxiliary Funds Supplementary Information Appendix B – 2016 Auxiliary Fund Repayment Schedule



Findings and Approach for Determining Auxiliary Funds used to Support Athletics

- No records are available to indicate which specific fund was used to fund athletics expenses during 2008-2012 as individual transactions were not recorded as payables.
- The 2013 and 2014 Auditor General Operational Audits noted auxiliary funds were used to provide for Athletics Expenses.
- Available cash balances from 2008-2015 were reviewed for 89 auxiliary funds
- In order to determine the amount to be replenished to each auxiliary fund, reasonable estimates were calculated based on a pro-rata allocation method from available cash balances from revenue generating auxiliaries during each year from 2008-2015 and a comparison of cash balances available to transfer as of the date of the analysis, excluding funds with bond requirements.

Preliminary and Tentative

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Allocation of Pooled Auxiliary Balances Used to Fund Athletics Deficits 2008-2015

Fund	Fund ID/Dept. ID/Account No	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	Total
University Bookstore	116/603150/112000	30,116	19,417	108,505	76,227	258,412	-	-	-	492,677
University Commons	116/603170/112000	2,048,500	174,740	860,041	710,874	722,655	-	-	-	4,516,811
Auxiliary/Agency Investment Earnings	116/603191/112000/143000	-	-	-	-	-	3,491	606,589	54,089	664,169
Multipurpose Center	116/635010/112000	-	1,220	16,618	13,757	38,648	-	-	-	70,244
Copy Center	116/603410/603411/112000	152,031	-	-	-	-	-	-	-	152,031
FAMU Child Care Center	116/604480/112000	125,021	12,669	-	-	-	-	-	-	137,690
University Libraries/Copy	116/630010/112000	-	-	1,891	3,592	10,413	-	-	-	15,895
Auxiliary Reserves	116/603190/112000	-	-	-	-	-	-	-	-	-
Transcript Fee	116/604370/112000	102,587	-	-	-	-	-	-	-	102,587
Procurement Contracts	116/603405/112000	119,158	515	2,368	1,819	8,031	-	-	-	131,891
Health Clinic	116/604790/112000	1,394,208	-	-	-	-	-	-	-	1,394,208
Total		3,971,621	208,562	989,422	806,269	1,038,160	3,491	606,589	54,089	7,678,203
Cumulative Totals		4,180,183	5,169,605	5,975,874	7,014,034	7,017,525	7,624,114	7,678,203		

Funds noted in RED are identified as disallowed sources of funds to support Athletics based on BOG Regulation 9.013, Florida Statute 1011.47(1), and Florida Statute 1011.43.

Preliminary and Tentative

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FAMU Athletics Use of Auxiliary Funds Supplementary Information Appendix B – 2016 Auxiliary Fund Repayment Schedule



Legal Opinion

The Office of the General Counsel has reviewed both the Florida Statutes and the Regulations of the Board of Governors of the State University System of Florida as they relate to the authorized use of funds by university auxiliary enterprises and by university direct support organizations.

Authorized use of Auxiliary Funds

- According to Florida Statute 1011.47(1) "... **auxiliary enterprises are business activities of a university which require no support from the General Revenue Fund**, and include activities such as housing, bookstores, student health services, continuing education programs, food services, college stores, operation of vending machines, specialty shops, day care centers, golf courses, student activities programs, data center operations, and intercollegiate athletics programs."
- Regulation 9.013 of the Board of Governors of the State University System of Florida states in relevant part: "**Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity.**"
- Florida Statute 1011.43 relating to earnings on the investment of university funds states: "**Each university is authorized to invest available agency and activity funds and to use the earnings from such investments for student scholarships and loans.** The university board of trustees shall provide procedures for the administration of these scholarships and loans by regulations."

Preliminary and Tentative

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Legal Opinion

Authorized use of Funds by Direct Support Organizations:

- Pursuant to Florida Statute 1004.28(1)(a)2 a Direct Support Organization is: "Organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of a state university in Florida . . .". The Board of Governors Regulation 9.011(1) mirrors the purposes of direct support organizations when it states:
- "Such support organizations shall be organized and operated to serve the best interests or missions of the university, including a university's research, education and service missions, and may receive, hold, invest, and administer property and make expenditures to or for the benefit of the university or for the benefit of a research and development park or research and development authority affiliated with a university."

Preliminary and Tentative

6



**FAMU Athletics Use of Auxiliary Funds
Supplementary Information
Appendix B – 2016 Auxiliary Fund Repayment Schedule**



Legal Opinion

With the exception of providing scholarships to student athletes from the earnings on the investment of auxiliary funds, the use of funds from non-athletics auxiliaries to support athletics is inconsistent with Board of Governors Regulation 9.013.

Preliminary and Tentative

7



Proposed Structure for Repayment to Auxiliary Funds

Amount to be repaid \$7,014,034
Interest rate 0%

Periods	University Support from Direct Support Organization	Athletics Direct Repayment	Total
1	\$186,000.61	\$0.00	\$186,000.61
2	\$226,239.14	\$0.00	\$226,239.14
3	\$269,593.54	\$0.00	\$269,593.54
4	\$269,593.54	\$51,742.36	\$321,335.90
5	\$269,593.54	\$113,507.98	\$383,101.52
6	\$269,593.54	\$187,252.94	\$456,846.48
7	\$269,593.54	\$275,317.23	\$544,910.78
8	\$269,593.54	\$380,500.54	\$650,094.08
9	\$269,593.54	\$506,152.86	\$775,746.40
10	\$269,593.54	\$656,283.18	\$925,876.73
11	\$269,593.54	\$835,689.61	\$1,105,283.15
12	\$269,593.54	\$899,412.13	\$1,169,005.67
Total	\$3,108,175.16	\$3,905,858.84	\$7,014,034.00

Preliminary and Tentative

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**FAMU Athletics Use of Auxiliary Funds
Supplementary Information
Appendix B – 2016 Auxiliary Fund Repayment Schedule**



Recommendations/Options

1. Record related payable of \$7,014,034 from Athletics to the identified funds.
2. Obtain support from DSOs to replenish cash deficits in accordance with Florida Statute 1004.28(1)(a)2
3. Establish repayment plan with initial payment beginning in fiscal year 2016-2017 for a term extending 12 years.

Preliminary and Tentative

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Corrective Actions/Prevention Plan

1. Implement 3 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. Year 2 – monthly reviews with budget office and CFO and quarterly reviews with President/CFO/AD/Chair of Athletics Committee.
 - C. Year 3 – monthly reviews with budget office and CFO and quarterly reviews with President/CFO/AD/Board Chair.
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.
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

Preliminary and Tentative

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**FAMU Athletics Use of Auxiliary Funds
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Appendix C – Attorney General Opinion 072-193**

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ANNUAL REPORT OF THE ATTORNEY GENERAL

forbid voluntary disclosure by public employees of the welfare bureau but was never intended to prevent the disclosure of the contents of official documents pursuant to the compulsion of a subpoena where the contents of such documents were pertinent to a legal inquiry.

The same principle was enunciated by the use of different words that convey a message of like import in the case of *Andrews v. Cacchio*, 35 N.Y.S.2d 259 (1942). The statute involved prohibited the use of records of the Division of Placement and Unemployment Insurance, State Department of Labor, unless the industrial commissioner is a party to the action or proceeding. Therefore, in a personal injury action a motion to produce such records was denied. In denying the motion the court said:

While the act does not disclose the object of the Legislature, it undoubtedly was to prevent exposure to public gaze on the names of applicants who are receiving the benefits under the auspices of the statute and under which the employer bears the burden. This is a reasonable objective.

Of like import is the case of *Hahl v. Catherwood*, 225 N.Y.S.2d 568 (1962), where the petitioner, having been indicted for larceny, was entitled to a return of books and records he had produced before the Industrial Commission pursuant to subpoena.

You are advised, therefore, that the records referred to are not available except insofar as they are needed in the proper administration of the Unemployment Compensation Act with the exception, nevertheless, that such records may be available in response to an appropriate order issued from a court of competent jurisdiction. In such case the court issuing the order gives a judgment whether the information sought is pertinent to any legal inquiry.

072-193—June 14, 1972

UNIVERSITY FUNDS

**DISPOSITION OF NONSTATE FUNDS RECEIVED BY INSTITUTIONS
IN UNIVERSITY SYSTEM**

To: L. K. Ireland, Jr., Secretary, Department of Administration, Tallahassee

Prepared by: Rebecca Bowles Hawkins, Assistant Attorney General

QUESTIONS:

1. Must the funds expressly exempted from the requirements of §240.095, F. S., be budgeted only for purposes specifically authorized by law?
2. What restrictions, if any, are imposed upon the expenditures of these funds?

SUMMARY:

Pending legislative or judicial clarification, campus concession and other nonstate funds collected by our state universities that are not required to be deposited in the state treasury may be budgeted for entertainment and other purposes that would serve the interests of the program of higher education in this state, even though not specifically authorized by law.

Section 240.095, *supra*, requires all funds received by any institution or agency in the state university system to be deposited in the state treasury and disbursed "in such manner and for such purposes as the legislature may by

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law provide.” However, the statute expressly exempts certain funds, fees and deposits such as student activity funds and vending machine collections, from this requirement and authorizes such funds to be deposited “outside of the state treasury” with the approval of the board of regents. These are the funds referred to in your first question. Also relevant here is §240.082, F. S., which expressly appropriates “to the use of the state board of regents, for the respective institutions collecting same” all moneys received by such institutions, other than from state and federal sources, “to be expended as the state board of regents may direct” A proviso requires such moneys to be budgeted and the budget approved by the Department of Administration prior to their expenditure.

These statutes were enacted in 1953 in substantially their present form. However, even prior to their enactment, one of my predecessors in office had ruled in AGO 045-353, Nov. 7, 1945, Biennial Report of the Attorney General, 1945-1946, p. 363, that similar funds of the institutions of higher learning then under the supervision of the State Board of Control were not within the purview of the so-called Five Fund Act (Ch. 22833, 1945, Laws of Florida) requiring, among others, that all moneys collected by all state officials, agencies and institutions should be deposited in the state treasury to the credit of the appropriate fund and disbursed only as provided by the general appropriations bill “or as otherwise provided by law.” (This provision of the Five Fund Act now appears in substantially its original form as §215.31, F. S.) The 1945 opinion of this office listed “Soda Shop” funds, the Students’ Activity Fund, the Athletic Association Fund, and the Entertainment and Lyceum Fund of one or the other of the state universities as not being within the purview of the Five Fund Act and thus not required to be deposited in the state treasury. And Ch. 28315, 1953, Laws of Florida (now §240.095, *supra*), included these and similar funds, fees and deposits (except the “Entertainment and Lyceum Fund”) in the list of some eleven items of university revenue that were exempt from the requirement that university funds be deposited in the state treasury.

Shortly after the statutes in question were enacted in 1953, the funds listed therein were characterized in AGO 053-210, Aug. 16, 1953, Biennial Report of the Attorney General, 1953-1954, p. 338, as “nonstate” funds that are to be deposited in a “private account.” And it is not unreasonable to conclude that, in adopting the statutes in question, the legislature recognized the “nonstate” character of such funds and intended to dispel any doubts as to the authority of the State Board of Control to use or authorize the use of such funds for any purpose that would serve the interest of the university system as a whole or of a particular university—subject, of course, to prior budgetary approval by the appropriate official (now by the Department of Administration)—without regard to whether any statute *specifically* referred to such a purpose and expressly authorized one or more of such funds to be used for that purpose. The provisions of §§240.082 and 240.095, *supra*, referred to and quoted above, are certainly susceptible to that interpretation; and I understand that they have been so interpreted in budgeting such funds for a great many years, and that such interpretation has been confirmed by the General Counsel for the State Board of Education in an opinion rendered on August 5, 1969, in holding that campus concession funds could be budgeted for entertainment purposes.

On the other hand, the auditor general has disapproved expenditures of campus concession funds for such items as luncheons, dinners, and refreshments. The basis for this conclusion was that the university is not *specifically* authorized by law to expend its funds for entertainment and that the attorney general’s office has uniformly ruled, with respect to *other governmental units*, that public funds may not be expended for entertainment in the absence of specific statutory authority. Attorney General Opinion 071-28 was especially relied upon in support of his view. This opinion amply supports the auditor gen-

**FAMU Athletics Use of Auxiliary Funds
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Appendix C – Attorney General Opinion 072-193**

eral's conclusion in this respect insofar as "state" funds within the purview of §215.31, *supra*, and other applicable provisions of constitutional and statutory law are concerned. See, for example, Art. IV, §4, State Const., designating the treasurer as the keeper of "state" funds and authorizing their disbursement only upon the order of the comptroller, countersigned by the governor; and Art. VII, §1(c), *id.*, providing that no money shall be drawn from the treasury "except in pursuance of appropriation made by law." It was that type of "state" fund with which AGO 071-28 was concerned.

Here, however, the funds in question are not "state" or "public" funds in the classical sense of the term as defined in 81 C.J.S. *States* §132, p. 1146, as follows:

"Public funds" are funds of the state, such as taxes, customs, moneys, etc., *raised by operation of general law* and appropriated by the government for the discharge of its obligations or some public purpose. (Emphasis supplied.)

None of the funds here in question is from a state or federal source; all are from outside sources, such as from vending machine sales, alumni association funds, bequests and gifts, and the like. They are nonstate funds which the legislature expressly appropriated to the use of the State Board of Control [State Board of Regents] and which are to be spent "as the state board . . . may direct"—subject, of course, to prebudgetary approval by the Department of Administration. They are nonstate funds that are expressly exempt from the requirement that university system funds must be deposited in the state treasury and disbursed in such manner and for such purposes as the legislature may by law provide.

These statutory provisions are, of course, presumptively valid; and any question as to their validity must be decided by the courts in an appropriate proceeding. However, it might be noted that it appears to be well settled that the legislature may validly provide for the collection and administration of certain funds without making them state or public funds subject to constitutional and statutory requirements respecting such funds. See 81 C.J.S. *States* §154, p. 1190; and *State ex rel Watson v. Caldwell*, Fla. 1945, 23 So.2d 855. In that case the court upheld Ch. 22821, 1945, Laws of Florida, creating the State Improvement Commission and authorizing certain of its funds to be disbursed on warrants signed by the chairman of the commission and countersigned by its secretary, as against attacks on various constitutional grounds. In holding that the statute did not violate constitutional requirements respecting the disbursement of state funds, the court distinguished between moneys appropriated to the commission from the state treasury, and revenues derived from rentals on projects it constructed, grants from Congress and other sources. It said that the moneys appropriated to the commission from the state treasury must be drawn in the manner provided by law but that the revenues of the commission are held in trust for the state to be used as Ch. 22821 directs and may be withdrawn as provided by the act. It ruled also that such revenues were not "funds from the treasury" within the purview of Art. IX, §4, State Const. 1885, providing that "no money shall be drawn from the treasury except in pursuance of appropriations made by law." The court said that the state treasurer was the custodian of such revenues but did not hold them as state treasurer, and that "[t]he Mayor of Tallahassee could have as appropriately been designated." Similarly, the major portion of the funds used for the operation of the university system of this state is appropriated by the legislature for that purpose and must be drawn from the state treasury in accordance with applicable constitutional requirements respecting state funds. But the nonstate funds that are collected incident to the operation of the university system never become state treasury funds; and, presumably, the court would hold, as in the *Caldwell* case, that these nonstate funds are not subject to such requirements.

**FAMU Athletics Use of Auxiliary Funds
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It was noted in the auditor general's report that it has been the long-standing practice at universities to use the university's campus concession funds for entertainment purposes—apparently with the approval of the State Budget Commission or its successor in this respect, the Department of Administration. While a long-standing practice should not be approved if clearly erroneous (*cf.* *Hialeah Race Course, Inc. v. Gulfstream Pk. R. Ass'n, Fla. 1971, 245 So.2d 625*, stating that "the continued enactment by the Legislature of an unconstitutional statute [does not have] the effect of validating it"), our Florida Supreme Court is also committed to the rule that the contemporaneous administrative construction of a statute by those charged with its enforcement and interpretation is entitled to great weight, and "the courts generally will not depart from such construction unless it is clearly erroneous or unauthorized." *Gay v. Canada Dry Bottling Co. of Florida, Fla. 1952, 59 So.2d 788, 790.*

In light of the nature of the funds in question as nonstate funds and the express legislative mandate that they shall be kept outside the treasury and disbursed as the board of regents may direct, it seems clear that it is the *Caldwell* decision, *supra*, that is authoritative here, and not AGO 071-28, which was concerned with *state treasury* funds. As noted above, the statutes in question have long been interpreted as authorizing the expenditure of the nonstate funds in question for entertainment and other purposes not specifically authorized by law, and the General Counsel of the State Board of Education has confirmed this interpretation. As also noted, the statutes are certainly susceptible to that interpretation; and they are presumptively valid. In all of these circumstances, I am inclined to the view that, unless and until this matter should be legislatively or judicially clarified, your first question should be answered in the negative.

Answering your second question: Even though the funds in question are so-called nonstate funds, they are held in trust to be used as the State Board of Regents may direct, §240.082, *supra*—presumably, in accordance with the board's rules and regulations establishing the overall policies for the university system as authorized by §240.001, *supra*. *Cf.* *State v. Caldwell, supra*. The expenditures must be for uses that are consistent with that trust and, to that extent, are restricted. The requirement that the expenditures of such funds may be made only in pursuance of detailed budgets filed with and approved by the Department of Administration, §240.082, *supra*, is an additional restriction which operates as a check on such expenditures to insure that the funds will not be used for a purpose outside the scope of the trust. (No question is presented as to whether the use of such funds for entertainment—or other purposes for which they have customarily been used in the past—would be consistent with that trust. See, however, AGO 071-160, in which it was ruled that state funds appropriated to the governor's discretionary contingency funds and specifically authorized by law [§216.231, F. S.] to be expended by him at his discretion to promote general government and intergovernmental cooperation and to enhance the image of the state may be used for, among others, entertainment for visiting dignitaries and refreshments to be served to guests in the office of the governor.)

072-194—June 14, 1972

TAXATION

EXEMPTIONS FOR DISABLED VETERANS

To: David C. Lane, Senator, 36th District, Fort Lauderdale

Prepared by: Zollie M. Maynard, Jr., Assistant Attorney General

QUESTION:

May a veteran totally disabled due to stomach wounds qualify for the real property tax exemption granted by §196.081, F. S.?

**FAMU Athletics Use of Auxiliary Funds
Supplementary Information
Appendix D – Example Budget Status Report**

Part 1

Florida A&M University Athletics Division Budget Status Report as of 07/11/2017						
Revenues:	Budgeted	2016-17 Collected				
	8,585,775	8,195,772	95%			
Breakdown of Revenues Collected:	Budgeted	Actual	Projections	%	Account	
	3,652,683	3,800,887	(148,204)	104.06%	601000 Fees	
	289,517	291,626	(2,109)	100.73%	602130 Football Gate Receipts	
	1,100,000	994,529	-	90.41%	602131 Game Guarantees	
	352,712	280,377	62,623	79.49%	602131 Other Game Guarantees	
	104,500	73,777	-	70.60%	602132 Athletic Concession Sales	
	5,600	5,581	-	99.66%	602133 Athletic Program Sales	
	337,500	305,740	-	90.59%	602134 Football Season Tickets	
	325,800	126,200	32,300	38.74%	602136 Athletic Advertising Sales	
	150,000	110,609	14,391	73.74%	602139 Royalty	
	450,000	669,567	180,433	148.79%	602141 NCAA Revenues	
	18,000	13,290	-	73.83%	602143 Ticket Sales Away Games	
	400,000	119,198	-	29.80%	602153 MEAC Revenue	
	800,000	727,216	122,784	90.90%	602152 Florida Classic Consortium	
	583,188	226,789	-	38.89%	602150 Other Auxiliary Revenue***	
	18,000	6,736	-	37.42%	602144 Basketball Receipts	
	-	691	-		604075 Cash Over or Short	
	250,000	442,959	(195,829)	177.18%	Athletic Fundraising	
	<u>100,000</u>	<u>-</u>		<u>0.00%</u>	615001 Transfers	
	8,937,500	8,195,772	66,389			

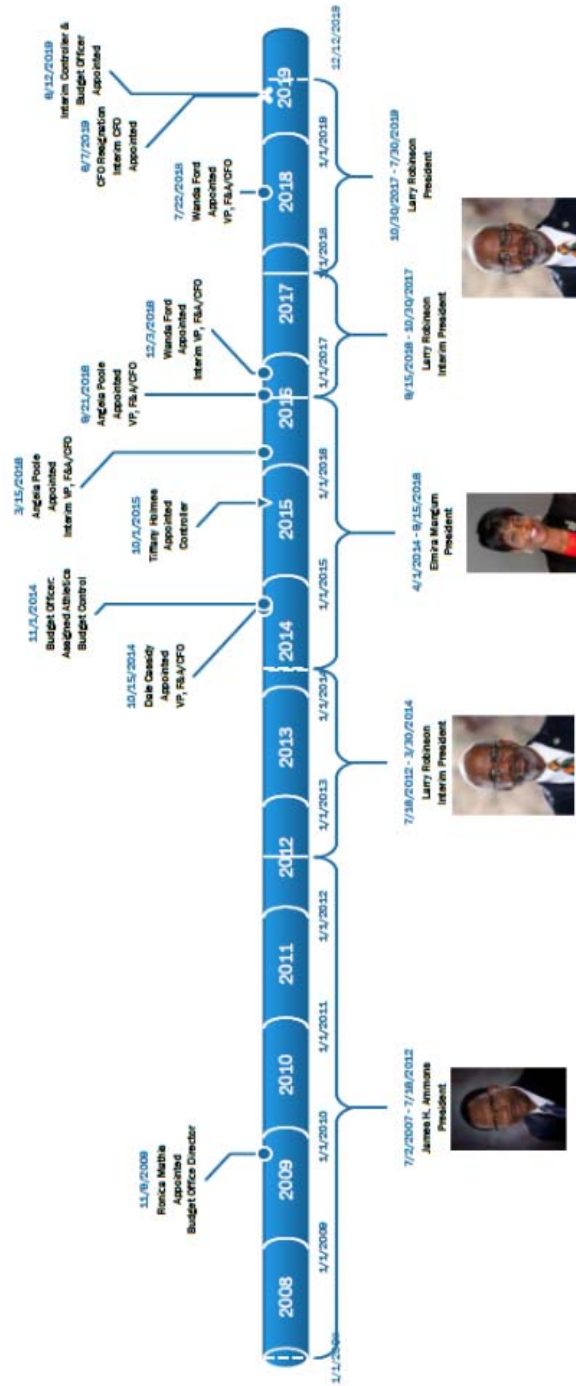
**FAMU Athletics Use of Auxiliary Funds
Supplementary Information
Appendix D – Example Budget Status Report**

Part 2

Projected Expenditures	Budgeted	Encumbrances	Expenditures	Projection	Balance
Salary	3,674,392	156,876	3,524,654	-	(7,138)
OPS	389,734	11,352	412,828	-	(34,446)
Expense	2,871,649	16,457	2,943,411	-	(88,219)
Scholarship	1,450,000	114	2,379,250	-	(929,364)
Mandatories	200,000	-	155,686	-	44,314
	<u>8,585,775</u>	<u>184,799</u>	<u>9,415,829</u>	-	<u>(1,014,853)</u>
Revenue Collected			8,195,772		
Projections			<u>412,531</u>		
Estimated Collections			8,608,303		
Budgeted Revenue			<u>8,585,775</u>		
Revenue Shortfall			22,528		
Revenue Collected			8,195,772		
Projections			<u>412,531</u>		
Estimated Collections			8,608,303		
Expenditures			<u>9,600,628</u>		
Total Deficit			(992,325)		
Monies from Foundation			<u>500,000</u>		
			(492,325)		
Outstanding P-card Purchases			<u>(52,522.70)</u>		
			<u>(544,847.96)</u>		

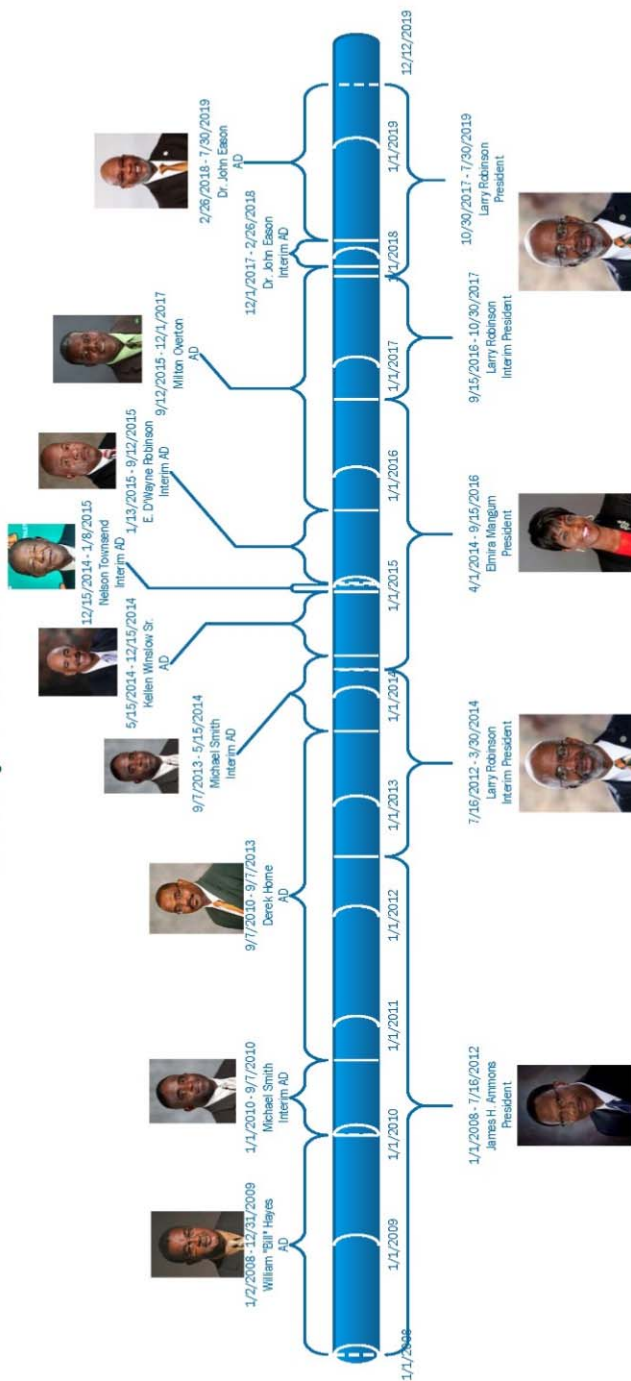
FAMU Athletics Use of Auxiliary Funds
 Supplementary Information
 Appendix E – FAMU CFO/Controller/Budget Officer
 January 2008 - Present

FAMU CFO/Controller/Budget Officer
 January 2008 to Present



FAMU Athletics Use of Auxiliary Funds Supplementary Information Appendix F – FAMU Athletics Directors January 2008 - Present

FAMU Athletics Directors January 2008 to Present



FAMU Athletics Use of Auxiliary Funds Supplementary Information Appendix G – Key BOT/BOG Athletics Cash Deficit Actions January 2011 - Present

