



## **CHARTER: OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE**

### **1.0 Purpose**

The purpose of this document is to serve as the Office of Inspector General and Director of Compliance's (OIGC) charter. It identifies the authority under which the OIGC operates; specifies its mission, organization, standards of work, code of ethics, access, independence, and objectivity; and distinguishes between the OIGC's responsibilities for the Board of Governors (Board) office and the State University System of Florida (System).

A related, but separate charter governs the duties and responsibilities of the Board's Audit and Compliance Committee (AACC).

### **2.0 Authority**

Article IX, Section 7, Florida Constitution, establishes a single state university system comprised of all public universities.

Section 20.155, Florida Statutes, establishes the OIGC with all the powers, duties, and responsibilities authorized in section 20.055, Florida Statutes.

Section 20.055, Florida Statutes, establishes the duties of Offices of Inspectors General to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government.

#### **2.1 Regulations Development**

The inspector general and director of compliance (inspector general) will coordinate with appropriate university staff to develop Board regulations specific to audits, investigations, compliance, and related areas as needs are identified. Regulations will be developed and amended in accordance with the Board's *Regulation Development Procedure* and the Board office's internal operating procedures.

### 3.0 Mission

The mission of the OIGC is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

It is our priority to deliver value-added services marked by objectivity, timeliness, and sufficiency.

### 4.0 Organization

The inspector general shall serve as the chief audit executive (CAE) and the chief compliance officer (CCO) for the Board office. To provide for the independence of the OIGC, its personnel report to the inspector general, who in turn reports administratively to the chancellor and functionally to the Board through the AACC.

The inspector general is responsible for establishing and maintaining an internal audit function in accordance with the Standards of Work section of this document.

### 5.0 Standards of Work

All work in the OIGC is conducted in accordance with the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

#### 5.1 Audit Engagements

Audit engagements shall be performed in accordance with the *International Professional Practices Framework (Standards for the Professional Practice of Internal Auditing)*, published by the Institute of Internal Auditors, Inc.; or, where appropriate, the *Government Auditing Standards*, published by the United States Government Accountability Office; or the *Information Systems Auditing Standards* published by ISACA.<sup>1</sup> These standards require that auditors plan and perform audits to obtain sufficient and appropriate evidence that provides a reasonable basis for findings and conclusions pursuant to the audit objectives.

In accordance with the *Core Principles for the International Professional Practices Framework*, the inspector general and OIGC staff shall:

- a. Demonstrate integrity;
- b. Demonstrate competence and due professional care;

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<sup>1</sup> Previously known as the Information Systems Audit and Control Association, ISACA now goes by its acronym only, to reflect the broad range of Information Technology governance professionals it serves.

- c. Be objective and free from undue influence (independent);
- d. Align with the strategies, objectives, and risks of the organization;
- e. Be appropriately positioned and adequately resourced;
- f. Demonstrate quality and continuous improvement;
- g. Communicate effectively;
- h. Provide risk-based assurance;
- i. Be insightful, proactive, and future-focused; and
- j. Promote organizational improvement.

## 5.2 Investigative Assignments

Investigative assignments shall be performed in accordance with the Quality Standards for Investigations included in the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

## 5.3 Professional Competence

The *International Professional Practices Framework* and the Quality Standards for Offices of Inspector General from the *Principles and Standards for Offices of Inspector General* require that auditors and inspector general staff possess professional competence and maintain knowledge of operations and appropriate expertise in the subject matters being addressed. Therefore, the inspector general will periodically report on OIGC personnel, including their qualifications, certifications, training, and development.

## 6.0 Code of Ethics

All OIGC staff members shall abide by the *Florida Code of Ethics for Public Officers and Employees* as codified in sections 112.311-112.3261, Florida Statutes; the Board office Code of Ethics included in its *Internal Operating Policies and Procedures Manual*; the Code of Ethics issued by the Institute of Internal Auditors; and the Federal Sentencing Guidelines Manual, Chapter 8, Part B, Section 2.1(b). OIGC staff shall also follow the Code of Ethics of professional organizations to which they belong.

## 7.0 Access

In accordance with the statutory provisions of sections 20.055 and 20.155, Florida Statutes, the inspector general and OIGC staff shall have access to all information and personnel necessary to perform their duties and responsibilities. This shall include freedom from any interference with audits, investigations, or compliance activities and include timely access to records and other sources of information.

## 8.0 Independence and Objectivity

The inspector general conducts its work free from actual or perceived impairments to independence. Professional standards provide that the OIGC activity must be independent, and OIGC staff must be objective in performing their work.

- a. The inspector general shall periodically review with the AACC the standards of independence used as benchmarks as described in the Standards of Work section of this document.
- b. The inspector general shall have sufficient independence and timely access to the chancellor, Board chair, AACC chair, and Board members to freely discuss policies, findings, recommendations, follow-up, potential issues (e.g., impairments to independence or conflicts of interest), and other matters.
- c. The inspector general serves as both the Board office's CAE and CCO. Having responsibilities outside of internal auditing gives rise to potential impairments to independence and objectivity that must be disclosed in accordance with professional auditing standards. These standards also require, that where the CAE has responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

## 9.0 OIGC's Board Office-related Responsibilities

The OIGC has three functional responsibilities: audit, investigations, and compliance.

### 9.1 OIGC Board Office-related General Responsibilities:

- a. Conduct, supervise, or coordinate activities carried out or financed by the Board office for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- b. Keep the AACC chair and the chancellor timely informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the Board office; recommend corrective action concerning fraud, abuses, and deficiencies; and report on progress made in implementing corrective action;
- c. Ensure that an appropriate balance is maintained between audit, investigative, compliance, and other accountability activities;
- d. Follow-up on responses or corrective actions regarding audit, investigative, compliance, or other accountability activities;
- e. Prepare AACC agendas, materials, and meeting minutes as well as Board meeting

reports;

- f. Inform the AACC chair and chancellor of resource and staffing needs; and
- g. Prepare an annual report, not later than September 30 of each year, summarizing the activities of the office during the immediately preceding state fiscal year.

## 9.2 OIGC Board Office-related Audit Responsibilities

The goal of the OIGC's audit responsibilities is to promote integrity, accountability, and process improvement by providing objective, timely, sufficient, and value-added audit services. According to the *International Professional Practices Framework*:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The OIGC shall review and evaluate internal controls necessary to ensure the fiscal and operational accountability of the Board office. The inspector general shall conduct financial, compliance, electronic data processing, and performance audits of the Board office and prepare audit reports of his or her findings. The scope and assignment of the audits shall be determined by the inspector general; however, the AACC chair and the chancellor may at any time direct the inspector general to perform an audit of a special program, function, or organizational unit. The performance of audits shall be under the direction of the inspector general.

The internal audit function of the OIGC shall be responsible for the following activities.

### 9.2.a Audit Plans

The inspector general shall develop long-term and annual audit plans based on the findings of periodic risk assessments. The audit plans shall be submitted to the Board and the chancellor for approval. A copy of the approved plan shall be submitted to the Auditor General. Any significant deviation from the approved annual audit plan shall be reviewed and approved by the Board and the chancellor.

### 9.2.b Conducting Audits

Audit workpapers and reports shall be public records to the extent that they do not include information that has been made confidential or exempt from the provisions of section 119.07(1), Florida Statutes.

At the conclusion of each audit, the inspector general shall submit preliminary findings

and recommendations to the person responsible for supervision of the program function or operational unit. Such person shall respond to any adverse findings within 20 working days after receipt of the preliminary findings. Such response shall be included in the final audit report.

At the conclusion of an audit in which the subject of the audit is an entity contracting with the state or an individual substantially affected,<sup>2</sup> if the audit is not confidential or otherwise exempt from disclosure by law, the inspector general shall submit the findings to the entity contracting with the state or the individual substantially affected. Such person shall be advised in writing that he or she may submit a written response within 20 working days after receipt of the findings. The response and the inspector general's rebuttal to the response, if any, shall be included in the final audit report.

The inspector general shall submit the final report to the AACC, the chancellor, and to the Auditor General.

### **9.2.c Audit Follow-up**

With regard to internal audit follow-up, the OIGC is responsible for monitoring the disposition of results communicated to management in accordance with the *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors.

With regard to external audit follow-up, the OIGC is responsible for monitoring the implementation of the Board office's corrective action to any report on the Board office issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). No later than six (6) months after the Auditor General or OPPAGA publishes a report on the Board office, the inspector general shall provide a written response to the AACC and the chancellor on the status of corrective actions taken. The inspector general shall file a copy of such response with the Joint Legislative Auditing Committee.

### **9.2.d Quality Assurance and Improvement Program**

The OIGC shall have a quality assurance and improvement program which complies with the *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors.

### **9.2.e External Audit Liaison**

The OIGC is responsible for ensuring effective coordination and cooperation between the state Auditor General, federal auditors, and other governmental bodies with a view

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<sup>2</sup> The terms "entities contracting with the state" and "individuals substantially affected" are defined in section 20.055(1), Florida Statutes.

toward avoiding duplication of efforts.

### **9.2.f Advising on Policy, Rule, and Regulation Development**

The OIGC is responsible for reviewing policies, rules, and regulations relating to the programs and operations of the Board office and making recommendations concerning their impact.

### **9.2.g Performance Measures**

With regard to performance measures, the OIGC is responsible for:

- i. Advising in the development of performance measures, standards, and procedures for the evaluation of Board office programs;
- ii. Assessing the reliability and validity of performance measure information and making recommendations for improvement, if necessary; and
- iii. Reviewing actions taken by the Board office to improve program performance and meet program standards and, if necessary, making recommendations for improvement.

## **9.3 OIGC Board Office-related Investigative Responsibilities**

The goal of the OIGC's investigative responsibilities is to deter, detect, and investigate internal and external fraud, waste, mismanagement, misconduct, and other abuses.

The investigative function of the OIGC shall be responsible for the following activities.

### **9.3.a "Get Lean" Matters**

The OIGC serves as the coordinator for the State Comptroller's "Get Lean" hotline regarding any State University System of Florida matters.

### **9.3.b Inspectors General Act Investigative Duties and Responsibilities**

Pursuant to section 20.055, Florida Statutes, the OIGC shall be responsible for initiating, conducting, supervising, and coordinating investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in activities carried out or financed by the Board office. This may include, but is not limited to:

- i. Whistle-blower Matters

The OIGC is responsible for receiving complaints and coordinating all activities of the Board office as required by the Whistle-blower's Act, pursuant to sections

112.3187 – 112.31895, Florida Statutes.

ii. Non Whistle-blower Matters

The OIGC is responsible for receiving and considering complaints which do not meet criteria contained in the Whistle-blower's Act, and conducting, supervising, or coordinating such inquiries, investigations, or reviews as the inspector general deems appropriate.

At the conclusion of each investigation, the inspector general shall publish an investigative report. For each investigation in which the subject of the investigation is an entity contracting with the state or an individual substantially affected, the inspector general shall submit the investigative findings to the subject if the investigation is not confidential or otherwise exempt from disclosure by law. Such subject shall be advised in writing that they may submit a written response within 20 working days after receipt of the findings. The subject's response and the inspector general's rebuttal to the response, if any, shall be included in the final investigative report.

iii. Possible Criminal Violations

The OIGC is responsible for reporting expeditiously to an appropriate law enforcement agency whenever the inspector general has reasonable grounds to believe there has been a violation of criminal law.

**9.3.c Investigative Follow-up**

The OIGC is responsible for monitoring the implementation of investigative corrective actions and keeping the AACC chair and chancellor informed of the status of such corrective actions.

**9.4 OIGC Board Office-related Compliance Responsibilities**

The goal of the OIGC's compliance responsibilities is to promote and support a culture of compliance, risk mitigation, and accountability. The goals of the Board office compliance program are to effectively assist in the prevention and detection of conduct that is contrary to applicable laws, regulations, policies, or procedures; and to promote a culture that encourages a commitment to compliance. The OIGC shall:

- a. Prioritize implementation of a compliance program to focus on areas of higher risk which could impact health or safety; and operational, fiscal, or academic integrity;
- b. Provide recommendations, education, and training in connection with identified compliance gaps; and



- c. Monitor, disseminate, and communicate compliance issues.

## **10.0 OIGC's System-related Responsibilities**

With regard to the System, the OIGC has three functional responsibilities: audit, investigations, and compliance.

### **10.1 OIGC System-related Audit Responsibilities**

With regard to the System, the OIGC's audit responsibilities include:

- a. Receiving and reviewing independent audited financial statements, independent operational audits, and internal audit reports of university operations and affiliated organizations in order to identify trends in such reports and confirm that adverse trends are being addressed by universities;
- b. Keeping the AACC and the chancellor informed of repeat audit findings from the Auditor General for financial and operational audits of the state universities; and
- c. Serve as liaison for the Board on the State University Audit Council.

### **10.2 OIGC System-related Investigative Responsibilities**

The OIGC is organized to promote accountability, efficiency, and effectiveness and to detect fraud and abuse within state universities.

The OIGC receives complaints from various sources alleging fraud, waste, abuse, misuse of funds, or misconduct regarding activities carried out or financed by a state university. Upon receipt of such a complaint, the OIGC shall refer the matter to the university's CAE in accordance with Board regulation 4.001(4).

Upon receipt of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, or other abuses made against a CAE or a CCO at a state university, the OIGC shall refer the matter to the board of trustees for handling in the manner adopted in accordance with Board regulation 4.001(6). Upon receipt of case disposition information from the board of trustees, the OIGC will assess the university action and final case disposition information to determine whether it is sufficient to demonstrate that the board of trustees was both willing and able to address the allegations. When case disposition information does not clearly demonstrate that the board of trustees was both willing and able to address significant and credible allegation(s), then the OIGC will conduct a preliminary inquiry in accordance with section 10.2.a of this charter.

Upon receipt of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, or other abuses made against a university's president or board of trustees member, the OIGC shall separately inform the Board chair, the AACC chair, and the chancellor of the complaint. The matter will be handled in accordance with Board regulation 4.001(5)(a) and (b).

Upon receipt of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, or other abuses made against a university's board of trustees chair, the OIGC shall separately inform the Board chair, the AACC chair, and the chancellor of the complaint. In accordance with section 20.155, Florida Statutes, and Board regulation 4.001, if it is determined that a state university board of trustees is unwilling or unable to address allegations made by any person relating to waste, fraud, or financial mismanagement, the OIGC shall conduct, coordinate, or request investigations into those allegations.

### **10.2.a Preliminary Inquiries**

The purpose of a preliminary inquiry is to inform decision-making in determining whether significant and credible allegations warrant further investigation or other appropriate action.

To the extent provided in law, the inspector general shall report the results of preliminary inquiries separately to the Board chair, the AACC chair, and the chancellor, and recommend appropriate action.

### **10.2.b Investigations**

In any instances where the OIGC has conducted, coordinated, or requested an investigation involving a state university, an investigative report shall be published. For each investigation in which the subject of the investigation is an entity contracting with the state or an individual substantially affected, the inspector general shall submit the investigative findings to the subject if the investigation is not confidential or otherwise exempt from disclosure by law. Such subject shall be advised in writing that he or she may submit a written response within 20 working days after receipt of the findings. The subject's response and the OIGC rebuttal to the response, if any, shall be included in the final investigative report.

### **10.2.c Possible Criminal Violations**

The inspector general shall confer with the appropriate law enforcement entity in all instances where there are reasonable grounds to believe a violation of criminal statutes has occurred.

#### **10.2.d Consultative Assistance**

The OIGC shall be available to the university CAEs and CCOs for consultation or other assistance, as appropriate.

#### **10.3 OIGC System-related Compliance Responsibilities**

The inspector general is responsible for championing compliance and ethics programs in the System and fostering a culture of integrity, trust, and respect. The inspector general will report to the Board about the activities and progress of university compliance and ethics programs.

In the event a university CCO reports to the inspector general that the university's board of trustees was unable or unwilling to resolve a restriction or barrier imposed by any individual on the scope of an inquiry or the failure to provide access to necessary information or people for the purposes of such inquiry, the inspector general shall notify the Board.

The inspector general serves as Board liaison on the State University System of Florida Compliance and Ethics Consortium. The consortium is comprised of compliance directors and representatives at each of the state universities.

### **11.0 Review**

The AACC shall periodically review the *Office of Inspector General and Director of Compliance Charter*.

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