



STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

**AGENDA**  
**Audit and Compliance Committee**  
**Grand Ballroom, UCF Fairwinds Alumni Center**  
**University of Central Florida**  
**Orlando, Florida**  
**June 18, 2014**  
**2:30 p.m. - 3:00 p.m.**  
**or**  
**Upon Adjournment of Previous Meetings**

**Chair: Mr. Alan Levine; Vice Chair: Mr. Ed Morton**  
**Members: Carter, Huizenga, Kuntz, Lautenbach, Webster**

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|----|--|---|
| 1. | <b>Call to Order and Opening Remarks</b>   | <b>Governor Alan Levine</b>   |
| 2. | <b>Approval, Committee Meeting Minutes</b><br>Minutes, March 19, 2014  | <b>Governor Levine</b>  |
| 3. | <b>Approval, Charters</b><br>a. <i>Board of Governors Audit and Compliance Committee Charter</i><br>b. <i>Office of Inspector General and Director of Compliance Charter</i> | <b>Mr. Joe Maleszewski</b><br><i>Inspector General and<br/>Director of Compliance,<br/>Board of Governors</i> |
| 4. | <b>Approval, Office of Inspector General and Director of Compliance Work Plan</b>  | <b>Mr. Maleszewski</b>  |
| 5. | <b>Updates, Office of Inspector General and Compliance</b>   | <b>Mr. Maleszewski</b>  |
| 6. | <b>Concluding Remarks and Adjournment</b>  | <b>Governor Levine</b>  |

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
June 18, 2014**

**SUBJECT:** Approval of Minutes of the March 19, 2014, Meeting

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**PROPOSED COMMITTEE ACTION**

Approval of Minutes of the March 19, 2014, meeting.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Committee members will review and approve the Minutes of the meeting held March 19, 2014.

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**Supporting Documentation Included:** Minutes: March 19, 2014

**Facilitators/Presenters:** Governor Alan Levine

MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
AUDIT AND COMPLIANCE COMMITTEE  
FLORIDA STATE UNIVERSITY  
TALLAHASSEE, FLORIDA  
MARCH 19, 2014

*Video or audio archives of the meetings of the Board of Governors and its Committees are accessible at <http://www.flbog.edu/>.*

Chair Alan Levine convened the meeting of the Audit and Compliance Committee at 2:37 p.m., at the Turnbull Conference Center, Florida State University (FSU), in Tallahassee, Florida. The following members were present: Matthew Carter, Wayne Huizenga, Tom Kuntz, and Ed Morton.

1. Call to Order

Mr. Levine called the meeting to order.

2. Approval of Minutes

Mr. Carter moved that the Committee approve the Minutes of the meeting of the Board of Governors Audit and Compliance Committee (Audit Committee) held November 20, 2013, as presented. Mr. Huizenga seconded the motion. The Minutes were approved.

3. Discussion, Performance Funding Data Integrity

Before introducing the guest speaker for this topic, Mr. Levine discussed the importance of data integrity to the success of the Performance Funding Model. Sound data, he explained, allows us a way to measure the progress towards System goals, ensures a fair playing field for universities vying for scarce dollars, and builds our credibility with stakeholders, including universities.

As a first step in performing the Board's due diligence with regard to Performance Funding Data Integrity, Mr. Levine explained that he had invited Mr. Gene Kovacs, Assistant Vice Chancellor for Information Resource Management, to present the current Board Office regulations, process and activities in place to ensure data integrity of information submitted by universities to the Board Office.

Mr. Kovacs's presentation described the university data submissions process, including the current certification process and the Board Information Resource Management staff review of submitted data. Mr. Levine reminded the Committee of its responsibility to ensure accuracy of the data collected. He stated that an additional component of the data certification process currently in place will be to have a similar process for university Presidents and Chief Audit Executives, who will certify that the methodology is appropriate. The Committee requested staff provide data on the number of resubmissions the Board Office receives annually.

4. Concluding Remarks and Adjournment

Mr. Levine requested the remaining agenda items be moved to the next Audit Committee meeting due to time restraints.

The meeting of the Audit Committee was adjourned at 2:59 p.m.

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Alan Levine, Chair

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Lori Clark, Compliance Analyst

STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
June 18, 2014

**SUBJECT:** Approval of Charters

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**PROPOSED COMMITTEE ACTION**

Approval of Charters.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Mr. Maleszewski will present the revised *Audit and Compliance Committee Charter* and the *Office of the Inspector General and Director of Compliance Charter* for the Audit Committee's review and consideration. If approved by the Audit Committee, this item will be presented to the Board of Governors with a recommendation for approval.

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**Supporting Documentation Included:** *Board of Governors Audit and Compliance Committee Charter and Office of the Inspector General and Director of Compliance Charter*

**Facilitators/Presenters:** Joe Maleszewski



**CHARTER:**  
**AUDIT AND COMPLIANCE COMMITTEE**

**1.0 Purpose**

The purpose of this document is to serve as the State University System of Florida Board of Governors (Board) Audit and Compliance Committee’s (AACC) Charter. This Charter identifies the authority under which the AACC operates, and specifies its establishment, composition, quorum, meetings, governance structure, and duties and responsibilities.

A related, but separate Charter governs the duties and responsibilities of the Office of Inspector General and Director of Compliance.

**2.0 Authority**

Article IX, Section 7, Florida Constitution, establishes the State University System and the Board of Governors as the governing body corporate of the System

Article VI, Section C.(2), Operating Procedures of The Board of Governors of The State University System of Florida, establishes the AACC as a standing committee of the State University System of Florida Board of Governors.

**3.0 Establishment**

The AACC is the governance body that is charged with oversight of the System’s audit and control functions as well as the process for monitoring compliance with laws, rules and regulations.

**4.0 Composition**

The AACC will consist of at least five members of the Board of Governors and should include at least one member who is a “financial expert.”<sup>1</sup> The AACC

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<sup>1</sup> Financial expert is defined as an individual who possesses expertise through education or substantial practical business experience in the function and meaning of financial statements and an understanding of proper oversight and accountability for financial matters.

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

Chair and Committee members shall be appointed by the Chair of the Board of Governors. The term shall commence upon appointment. Each member shall serve for two years and may be re-appointed for additional terms at the discretion of the Board Chair.

### **5.0 Quorum**

A majority of committee members present at a committee meeting constitutes quorum for purposes of committee business.

### **6.0 Meetings**

The AACC will meet at least four times a year, with authority to convene additional meetings, as circumstances require. Any meeting of the AACC may be conducted through a telephone conference call or by any other technological means. All committee members are expected to attend each meeting.

AACC meetings shall be open and noticed to the public in accordance with the Article I, Section 24 of the Florida Constitution and the requirements of Chapter 286, Florida Statutes.

The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. Records of the meetings, including any video or audio recordings, are public records subject to Chapter 119, Florida Statutes.

#### **6.1 Confidential/Exempt Issues**

Most matters addressed by the AACC are public records subject to Chapter 119, Florida Statutes. However, the AACC will, from time to time, have to address matters which are either confidential or exempt. Section 119.07, Florida Statutes, provides that certain limited records are confidential and exempt from the public record and requires that such information be properly protected.

Proper protection of confidential and exempt information helps to promote the integrity of the investigative activity and protects the System against breaches of data and information technology security. Limited exemptions include, but are not limited to:

- Sections 112.3187-112.31895, Florida Statutes - "Whistle-blower's Act"

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

- Section 119.071(2)(g)1.a., Florida Statutes - Complaints of discrimination
- Section 119.071(2)(k)1., Florida Statutes - Complaints of misconduct
- Section 282.318, Florida Statutes - Enterprise security of data and information technology

Issues of a confidential or exempt nature will be reported by the Inspector General and Director of Compliance (Inspector General) directly to AACC members and the Chancellor (as appropriate).

### **7.0 Governance Structure**

The Board's AACC, the Board's Inspector General, the university boards of trustees audit committees and their respective Chief Audit Executive each serve important roles in ensuring that processes are in place to meet the State University System's responsibility for financial accountability, integrity and efficiency.

The audit committees of the university boards of trustees and their respective Chief Audit Executives serve as the central point for demonstrating the university's commitment to accountability, financial integrity, and efficiency in the operations of their respective institutions.

The Inspector General shall provide leadership and coordination of audit, investigative and compliance functions for the Board and is generally responsible for promoting activities that ensure accountability, financial integrity, and efficiency as required by law.

### **8.0 Duties and Responsibilities**

This section outlines the duties and responsibilities of the AACC, the AACC Chair and the Inspector General.

#### **8.1 AACC Responsibilities**

The AACC will be responsible for:

- a. Assisting the Board of Governors in fulfilling oversight responsibilities in relation to financial reporting, internal control system, risk management system and internal and external audit functions. Its role is to provide advice and recommendations to the Board within the scope of this Charter.

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

- b. Reviewing and approving the AACC Charter and the Office of Inspector General and Director of Compliance (OIGC) Charter.
- c. Reviewing the external quality assessment of the OIGC, required by law<sup>2</sup> and professional auditing standards.
- d. Directing the Inspector General to conduct investigations into any matters within its scope of responsibility and obtaining advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities. Meeting with and seeking any information it requires from employees, officers, directors, or external parties.

### **8.1.1 Reporting and Communication Responsibilities**

With regard to reporting and communication responsibilities, the AACC shall:

- a. Regularly report to the Board about AACC activities, issues, and related recommendations.
- e. Provide for open communication among the OIGC, university board of trustees audit committees, university chief audit executives, external auditors, and the Board of Governors.

### **8.1.2 Internal Control**

Regarding internal controls, the AACC shall:

- a. Consider the effectiveness of the Board Office and State University System of Florida's internal control system, including information technology security and control.
- b. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

### **8.1.3 Financial Statements**

The AACC shall receive and review Auditor General financial statement audits related to the Board Office and State University System of Florida and conducted for the purpose of determining whether the Board Office or university:

- a. Presented the basic financial statements in accordance with generally accepted accounting principles;

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<sup>2</sup> Section 11.45(2)(i), Florida Statutes

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

- b. Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- c. Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

Receiving and reviewing any disclosure of: i) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the System's ability to record, process, summarize, and report financial data; and ii) any fraud, whether material or not, that involves management or other employees who have a significant role in the System's internal controls.

The AACC shall follow up, as determined appropriate, on any findings continued in Auditor General financial statement audits of the Board Office and State University System of Florida.

### **8.1.4 External Audit**

With regard to external audits, the AACC shall:

- a. Receive and review all external auditors' reports of Board Office operations, including the Auditor General and Office of Program Policy and Governmental Accountability (OPPAGA) and follow-up to ensure the Chancellor takes timely and appropriate corrective action.
- b. Receive and review all external auditors' reports of the State University System of Florida, including the Auditor General and OPPAGA, and follow-up to ensure university boards of trustees and presidents take timely and appropriate corrective action.

### **8.1.5 Internal Audit**

With regard to internal audits, the AACC shall:

- a. Receive and review the Inspector General's Board Office risk assessment.
- b. Approve the OIGC risk-based audit plan and all major changes to the plan.
- c. Review the OIGC performance of audit activities relative to its plan.

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

- d. Receive and review internal audit reports of Board Office operations and follow-up to ensure the Chancellor takes timely and appropriate corrective action.
- e. Direct the Inspector General and Director of Compliance to serve on the State University Audit Council.

### **8.1.6 Compliance**

With regard to compliance, the AACC shall:

- a. Review the effectiveness of the State University System of Florida's efforts to comply with Board of Governors Regulations; and
- b. Direct the Inspector General and Director of Compliance to serve on the State University System Compliance and Ethics Consortium.

### **8.1.7 Investigative Responsibilities**

With regard to investigations, the AACC shall:

- a. Ensure a process exists for receiving anonymous complaints and review the nature and disposition of reported matters.
- b. Institute and oversee special investigations as needed.
- c. Direct the Inspector General to conduct, coordinate, or request investigations when the Board determines that a state university board of trustees is unwilling or unable to address credible allegations relating to waste, fraud, or financial mismanagement within a state university [Section 20.155(5), Florida Statutes].

### **8.1.8 Other Responsibilities**

The AACC's other responsibilities shall include but not be limited to performing activities consistent with this Charter, regulations, rules and governing laws that the Board or AACC determines are necessary or appropriate.

## **8.2 AACC Chair Responsibilities**

The AACC Chair shall:

- a. Preside at all AACC meetings and shall have the authority to call any special or emergency meetings of the Committee. The AACC Chair shall assign members responsibility for specific projects.
- b. Approve decisions regarding the appointment, replacement and removal of the Inspector General. This responsibility will help ensure the Inspector General is independent and possesses the competencies necessary to

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

perform the position duties and responsibilities as outlined in the position description and the OIGC Charter.

- c. Provide input to the Chancellor on the annual performance evaluation of the Inspector General.
- d. Accept the Inspector General's determination of no further Board action when, as a result of a Preliminary Inquiry, the Inspector General recommends that no further Board action is warranted. In all other situations the Audit Committee shall review the matter at its next meeting.<sup>3</sup>

The AACC Vice Chair shall perform the duties of the AACC Chair and have the same power and authority in the absence or disability of the AACC Chair.

### **8.3 Inspector General Responsibilities**

The Inspector General is responsible for:

- a. Carrying out the mission, standards of work, code of ethics, access, independence and objectivity, organization, and responsibilities specified in the Office of Inspector General and Director of Compliance Charter.
- b. Serving as the Chief Audit Executive (CAE) of the Board Office and shall perform all such duties as necessary to assist the AACC's implementation of its duties and responsibilities.
- c. Serving as the AACC's liaison for communications with university CAEs.
- d. Representing the Board of Governors on the State University Audit Council which is comprised of the CAEs at each of the System Universities.
- e. Representing the Board of Governors on the State University System Compliance and Ethics Consortium.
- f. Keeping the AACC informed of all issues affecting or that may affect the Board Office and the System and make recommendations for improvement, if necessary.
- g. Attending and participating in all meetings of the AACC and preparing and submitting such reports or meeting materials as may be required by the Board or by law, or as deemed necessary by the AACC Chair, Chancellor or the Inspector General.

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<sup>3</sup> The Board of Governors granted the AACC Chair authority to make such determinations at the June 21, 2012, meeting of the Board of Governors.

AUDIT AND COMPLIANCE COMMITTEE CHARTER

**9.0 Review**

The AACC shall periodically review this Charter and assess its adequacy in achieving the goals and objectives of the Board.

**History:** Adopted 3-26-09, Reviewed and Amended 6-18-10, 6-21-12, x-xx-14

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**

**AUDIT AND COMPLIANCE COMMITTEE CHARTER**

**INTRODUCTION:**

The State University System of Florida, Board of Governors (“Board”) Audit and Compliance Committee (“Audit Committee”) was established to demonstrate the Board’s commitment to accountability. The *Audit and Compliance Committee Charter* (“Charter”) articulates the powers and duties of the Audit Committee, provides for a systematic and disciplined approach to the evaluation of the Board’s operations, and fosters a management environment committed to integrity, efficiency, sound financial controls, and accountability for the State University System.

This Charter establishes clear lines of authority, responsibility and expectations related to the Office of Inspector General and Director of Compliance (“Inspector General”), which shall coordinate activities designed to promote accountability, efficiency and effectiveness in the operations of the Board and activities to support accountable, efficient, and effective practices in the State University System.

The Charter is presented with the following sections: I. Organization, II. Authority, III. Duties and Responsibilities, and IV. Meetings/Reporting Responsibilities, V. Annual Review.

**I. ORGANIZATION:**

The Board is comprised of seventeen members, fourteen of whom are appointed by the Florida Governor and confirmed by the Florida Senate for a term of seven years. The remaining members are the Chair of the Advisory Council of the Faculty Senate, the Commissioner of Education, and the President of the Florida Student Association.

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

~~The Audit Committee serves as the central point for demonstrating the Board's commitment to accountability, financial integrity, and efficiency in the operations of the State University System. The Audit Committee shall be comprised of five to nine members of the Board appointed by the Chair and should include at least one member who is a "financial expert."~~<sup>4</sup>

~~The audit committees of the University Boards of Trustees and their respective internal audit executives serve as the central point for demonstrating the university's commitment to accountability, financial integrity, and efficiency in the operations of their respective institutions.~~

~~The Board's Audit Committee, the Board's Inspector General, the University Boards of Trustees audit committees and their respective internal audit executives each serve important roles in ensuring that processes are in place to meet the State University System's responsibility for financial accountability, integrity and efficiency.~~

~~The Chair of the Audit Committee shall preside at all Audit Committee meetings and have the authority among other things to develop the agenda and assign members responsibility for specific projects. In the absence of the Chair, the Vice Chair will preside at the Audit Committee meeting(s).~~

~~The Chancellor for the State University System of Florida, Board of Governors ("Chancellor") is primarily responsible for providing support to the Board in achieving its mission, goals, and objectives. Among other duties, the Chancellor is responsible for the development and implementation of Board policies and the day to day operations of the Board Office, including supervision of professional and support staff.~~

~~The Inspector General shall provide leadership and coordination of audit and compliance functions for the Board and is generally responsible for promoting activities that ensure accountability, financial integrity, and efficiency as required by law.~~

~~To achieve necessary independence and to ensure maximum effectiveness and coordination, the Inspector General has a dual reporting relationship with the Audit Committee and the Chancellor. The Inspector General shall report functionally to the Audit Committee and shall report administratively directly to the Chancellor. To report functionally means the Inspector General shall, among other duties, provide to the Audit Committee:~~

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<sup>4</sup> Financial expert is defined as an individual who possesses expertise through education or substantial practical business experience in the function and meaning of financial statements and an understanding of proper oversight and accountability for financial matters.

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

- ~~• the proposed internal risk assessment and audit plan for the Board Office; and~~
- ~~• reports on the results of internal audits, preliminary inquiries, investigations and other matters as requested by the Audit Committee, or as may be required by law, applicable auditing standards or the independent professional judgment of the Inspector General.~~

~~To report administratively to the Chancellor shall mean all matters within the Board's office management structure that facilitate day to day operations of the internal audit and investigation function such as budgeting, human resources administration, internal communication flows, and administration of Board Office internal policies and procedures.~~

### **II. AUTHORITY:**

~~Article IX, Section 7, subsection (d) of the Florida Constitution mandates that the Board operate, regulate, control, and be fully responsible for the management of the State University System of Florida, including but not limited to defining the distinctive mission of each constituent university and its articulation with free public schools and community colleges; ensuring the well-planned coordination and operation of the system; and avoiding wasteful duplication of facilities or programs. The Board's management is subject to the powers of the Legislature to appropriate for the expenditure of funds, and the Board is required to account for such expenditures as provided by law. Under Article IX, Section 7, subsection (c) of the Florida Constitution and Board authorizations, the Board of Trustees of each university in the State University System is responsible for oversight and administration of the university.~~

~~The authority of the Audit Committee comprises the specific duties and responsibilities delegated to it by the Board as set forth in this Charter.~~

### **III. DUTIES AND RESPONSIBILITIES:**

#### **A. BOARD OF GOVERNORS**

~~The Audit Committee's essential functions relative to the operation and management of the Board are to provide oversight of activities related to internal audit, financial controls, compliance and ethics; to review significant accounting and reporting issues and confirm appropriate management responses; to review risk assessment methodologies and risk management policies; to assess the effectiveness of the internal control system; and to review and confirm appropriate management response to any report of significant audit or~~

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

~~compliance related findings and recommendations. Specifically, the Audit Committee will:~~

- ~~• review the operational and financial audits conducted by the Auditor General;~~
- ~~• review periodic reports issued by the Inspector General on audits, management reviews, and investigations;~~
- ~~• review corrective action plans implemented by the Chancellor;~~
- ~~• approve the Charter for the Board's Inspector General's Office;~~
- ~~• review and approve risk assessments and internal audit plans prepared by the Inspector General, who shall determine operationally the scope and assignment of the audit;~~
- ~~• direct the Inspector General to perform audits of special programs, functions, or organizational units;~~
- ~~• provide guidance on establishing and maintaining strong working relationships with external auditors and other stakeholders and assist the Board in obtaining adequate funding and resources needed by the Board's Office of Inspector General to fulfill his or her mandated duties.~~

~~When as a result of a Preliminary Inquiry the Inspector General recommends that no further Board action is warranted, the Audit Committee Chair is delegated the authority to accept that determination. In all other situations the Audit Committee shall review the matter at its next meeting.~~

## **B. STATE UNIVERSITY SYSTEM**

~~The Audit Committee's duties relative to the State University System include:~~

- ~~• acting as a liaison with the University Boards of Trustees audit committee;~~
- ~~• receiving and reviewing university independent audited financial statement reports;~~
- ~~• receiving and reviewing university internal audit reports;~~
- ~~• identifying trends in all such reports and confirming that adverse trends are being addressed by the universities;~~
- ~~• initiating inquiries if the Audit Committee has reasonable cause to believe that a university is not providing for appropriate response to significant audit findings;~~
- ~~• directing the Inspector General to conduct an inquiry or investigation if the Audit Committee has reasonable cause to believe that a University Board of Trustees is unwilling or unable to provide for objective investigation of credible allegations of fraud or other substantial financial impropriety; and~~

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

- ~~working collaboratively with the universities to develop resources that will support sound audit and financial compliance practices.~~

### **IV. MEETINGS/REPORTING RESPONSIBILITIES:**

~~The Audit Committee shall generally meet face to face or by conference call four times a year or as needed. The Audit Committee shall report regularly to the Board about Audit Committee activities and provide an open and effective avenue of communication between the Inspector General, external auditors, and the University Boards of Trustee's audit committees.~~

### **V. ANNUAL REVIEW**

~~The Audit Committee shall confirm annually that the duties and responsibilities outlined in this Charter have been carried out and will review and assess the adequacy of the Charter in achieving the goals and objectives of the Board.~~

~~Approved by the State University System of Florida, Board of Governors.~~

~~History: Adopted 3-26-09, Reviewed and Amended 6-18-10, 6-21-12~~



**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, and specifies its mission, standards of work, code of ethics, access, independence and objectivity, organization, and OIGC responsibilities (Board Office and System).

A related, but separate Charter governs the duties and responsibilities of the Audit and Compliance Committee (AACC).

**2.0 Authority**

Article IX, Section 7, Florida Constitution, establishes a single state university system of Florida comprised of all public universities. The board of governors shall operate, regulate, control, and be fully responsible for the management of the whole university system. Each local constituent university shall be administered by a board of trustees.

Section 20.155, Florida Statutes, establishes the Office of Inspector General with all the powers, duties and responsibilities authorized in Section 20.055, Florida Statutes

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

**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.

OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

#### 4.0 Organization

The Inspector General and Director of Compliance (Inspector General) shall serve as the Chief Audit Executive (CAE) 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 operationally to 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.

Audit engagements are 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; and the *Information Systems Auditing Standards* published by ISACA.<sup>1</sup> These standards require that auditors plan and perform the audit to obtain sufficient and appropriate evidence that provides a reasonable basis for findings and conclusions pursuant to the audit objectives.

Investigation assignments are to 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.

The AACC recognizes that professional competence requires that the auditors have knowledge of operations and appropriate expertise in the subject matter being audited. 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 112.311-112.326, Florida Statutes; the Board Office Code of Ethics included in its Operating Policies and Procedures Manual (Section 2.2.5) and the Code of Ethics issued by the Institute of Internal Auditors.

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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 IT governance professionals it serves.

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

The OIGC professional staff shall also follow the Code of Ethics of any relevant 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 the duties and responsibilities. This shall include freedom from any interference with audits or investigations and timely access to records and other sources of information.

### 8.0 Independence and Objectivity

In accordance with Section 20.055, Florida Statutes, requires that the Inspector General conduct investigations and other inquiries free of actual or perceived impairment to independence. Professional audit standards provide that the internal audit activity must be independent, and internal auditors must be objective in performing their work.

- The Inspector General shall periodically discuss standards of professional audit independence with the AACC. The standards of independence used as benchmarks are mentioned in the Standards of Work section of this document.
- The Inspector General shall freely discuss audit policies, findings and recommendations, audit follow-up, guidance issues, and other matters as necessary.
- The Inspector General shall discuss any potential issues regarding impairment of independence and/or conflicts of interest and their mitigation(s) with the AACC as soon as practicable.

### 9.0 OIGC's Board Office-related Responsibilities

With regard to the Board Office, certain, but not all, responsibilities of the OIGC are determined by the provisions of Section 20.055<sup>2</sup>, and Sections 112.3187 - 112.3189<sup>3</sup>, Florida Statutes. The OIGC is divided into three functional responsibilities: Audit, Investigations, and Compliance. General responsibilities include:

- Conducting, supervising, or coordinating other activities carried out or financed by

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<sup>2</sup> Agency Inspectors General

<sup>3</sup> Whistle-blower's Act

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

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;

- Keeping the AACC Chair and the Chancellor informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the Board Office, recommending corrective action concerning fraud, abuses, and deficiencies, and reporting on progress made in implementing corrective action;
- Ensuring that an appropriate balance is maintained between audit, investigative, and other accountability activities;
- Preparing agendas, materials, and meeting minutes for committee and board meetings;
- Informing the AACC Chair and Chancellor of resource and staffing needs;
- Preparing an annual report, not later than September 30 of each year, summarizing the activities of the office during the immediately preceding state fiscal year; and
- Ensuring appropriate handling of Whistle-blower's Act complaints<sup>4</sup>.

### **9.1 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 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 the audit shall be under

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<sup>4</sup> Whistle-blower's Act complaints are complaints or information that fall within the definition provided in Section 112.3187(5), Florida Statutes.

OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

the direction of the Inspector General.

Pursuant to Section 20.055, Florida Statutes, the internal audit activity of the OIGC shall be responsible for:

**9.1.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 AACC and the Chancellor for approval. A copy of the approved plan shall be submitted to the Board and the Auditor General. Any significant deviation from the approved annual audit plan shall be communicated to the AACC Chair and the Chancellor through periodic status reports.

**9.1.b Conducting Audits**

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

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 who 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 a specific entity contracting with the state or an individual substantially affected, if the audit is not confidential or otherwise exempt from disclosure by law, the Inspector General shall, consistent with Section 119.07(1), Florida Statutes, submit the findings to the entity contracting with the state or the individual substantially affected, who shall be advised in writing that they 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, must be included in the final audit report.

The Inspector General shall submit the final report to the AACC Chair, the Chancellor and to the Auditor General.

**9.1.c Audit Follow-up**

With regard to audit follow-up, the OIGC is responsible for monitoring the implementation of the Board Office's response to any report on the Board Office issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability. No later than six (6) months after the Auditor General or the Office of Program Policy Analysis and Government Accountability publishes a report on the Board Office, the Inspector General shall provide a written response to the AACC Chair

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

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.

### **9.1.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.

### **9.1.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 toward avoiding duplication of efforts.

### **9.1.f Advising on Rule and Regulation Development**

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

### **9.1.g Performance Measures**

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

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

## **9.2 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 OIGC serves as the focal point for Whistle-blower allegations and State Comptroller "Get Lean" hotline reports concerning Board Office personnel and programs.

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

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

the Board Office. Specifically, 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;
- Receiving and considering the complaints which do not meet criteria for an investigation under the Whistle-blower's Act and conducting, supervising, or coordinating such inquiries, investigations, or reviews as the Inspector General deems appropriate;
- Reporting expeditiously to the Florida Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law; and
- Publishing reports of investigation. At the conclusion of each investigation in which the subject of the investigation is a specific entity contracting with the state or an individual substantially affected as defined in Section 20.055, Florida Statutes, and if the investigation is not confidential or otherwise exempt from disclosure by law, the Inspector General shall, consistent with Section 119.07(1) Florida Statutes, submit findings to the subject that is a specific entity contracting with the state or an individual substantially affected, who shall be advised in writing that they may submit a written response within 20 working days after receipt of the findings. Such response and the Inspector General's rebuttal to the response, if any, shall be included in the final investigative report.

### **9.3 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:

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

OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

## **10.0 OIGC State University System-Related Responsibilities**

With regard to the State University System, the OIGC is divided into three functional responsibilities: Audit, Investigations, and Compliance.

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

The OIGC is responsible for representing the Board Office on the State University Audit Council. The Council is comprised of the Chief Audit Executives at each of the System Universities.

The OIGC is responsible for receiving and reviewing university independent audited financial statements, independent operational audits, and university internal audit reports of their operations in order to identify trends in such reports and confirm that adverse trends are being addressed by the universities.

In accordance with Florida Board of Governors Regulation 1.001, each board of trustees shall establish policies and procedures for the performance of annual internal audits of university finances and operations. All reports generated from such audits must be submitted to the Board of Governors after review and acceptance by the board of trustees, or its designee. Each board of trustees and each direct support organization shall submit annual financial statements to the Board of Governors.

The OIGC shall keep the AACC Chair and the Chancellor informed of repeat audit findings of the Auditor General for their financial and operational audits of the state universities.

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

The OIGC receives complaints from various sources alleging fraud, waste, abuse or misuse of funds at a state university. In accordance with Section 20.155, Florida Statutes, if the Board of Governors determines 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 allegations made by any person relating to waste, fraud, or financial mismanagement within a state university.

The office shall have access to all information and personnel necessary to perform its duties and shall have all of its current powers, duties, and responsibilities authorized in Section 20.055, Florida Statutes.

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

Upon receipt of the complaint, the Inspector General shall promptly conduct fact-finding into the allegations. The purpose of a preliminary inquiry is to determine

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

whether, in the opinion of the Inspector General, the allegations are credible and, if so, whether they warrant further investigation by the Board of Governors. The preliminary inquiry may include:

1. Identifying and obtaining statements from all relevant and material witnesses to the extent practicable; and
2. Identifying, gathering, and preserving all other relevant and material evidence.

The Inspector General shall report the results of the preliminary inquiry to the AACC Chair and Chancellor (as appropriate), and the Inspector General is to recommend appropriate action in cases of credible allegations.

The AACC Chair shall consider the results of the preliminary inquiry along with the Inspector General's recommendation. If the Inspector General's recommendation is for no further action, the Board of Governors has delegated the authority<sup>5</sup> to the AACC Chair to make a final determination regarding a Report of Preliminary Inquiry in those instances where the Inspector General recommends no further Board action is warranted. In all other situations, the AACC shall consider the matter at its next meeting.

### **10.2.b Possible Criminal Violations**

The Inspector General shall confer with law enforcement in all instances where he has reasonable grounds to believe a violation of criminal statutes has occurred. The OIGC shall follow *The Florida Department of Law Enforcement (FDLE) and The State Agency Inspectors General Protocol When Reporting Possible Violations of Criminal Law*, established in 2006. This protocol establishes thresholds for determining the types of cases that are appropriate for referral to FDLE, and procedural guidelines for making a referral.

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

The Inspector General is responsible for representing the Board Office on the Compliance and Ethics Consortium. The Consortium is comprised of compliance directors and representatives at each of the System universities.

Core compliance functions include:

- **Compliance** - Enhancing compliant behavior in accordance with applicable laws, regulations, requirements and university policies and procedures.

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<sup>5</sup> At the June 21, 2012, meeting of the Board of Governors, the Board approved language for this charter which delegated the AACC Chair authority to make the final determination and accept the Inspector General and Director of Compliance's report of Preliminary Inquiry in those instances where the recommendation is that no further Board action is warranted.

OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

- Ethics and Conflict of Interest - Fostering a culture of integrity, trust, and respect.

11.0 Review

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

History: Adopted 6-18-09, Reviewed and Amended 6-18-10, 6-21-12, x-xx-14

STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS

~~THE OFFICE OF THE INSPECTOR GENERAL AND  
DIRECTOR OF COMPLIANCE CHARTER~~

**INTRODUCTION:**

~~This Charter shall establish clear lines of authority, responsibility, and expectations related to the Office of Inspector General and Director of Compliance (“Inspector General”), which shall coordinate activities designed to promote accountability, efficiency, and effectiveness in the operations of the State University System of Florida Board of Governors (“Board”) and activities to support accountable, efficient, and effective practices throughout the system.~~

~~The Charter is presented with the following sections consistent with the *Audit and Compliance Committee Charter*: I. Organization, II. Authority, III. Independence, IV. Professional Standards, V. Scope of Work, VI. Audit Planning, and VII. Annual Review.~~

**I. ORGANIZATION:**

~~The Inspector General shall provide leadership and coordination of audit and compliance functions for the Board and is generally responsible for promoting activities that ensure accountability, financial integrity, and efficiency as required by law.~~

~~The Audit and Compliance Committee (“Audit Committee”) serves as the central point for demonstrating the Board’s commitment to accountability, financial integrity, and efficiency in the operations of the State University System. The Audit Committee is comprised of five to nine members of the Board appointed by the Chair and should include at least one member who is a “financial expert.”<sup>6</sup>~~

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<sup>6</sup> Financial Expert is defined as an individual who possesses expertise through education or substantial practical business experience in the function and meaning of financial statements and an understanding of proper oversight and accountability for financial matters.

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

The Chair of the Audit Committee shall preside at all Audit Committee meetings. In the absence of the Chair, the Vice Chair will preside at the Audit Committee meeting(s). The Chair has the authority among other things, to develop the agenda and assign members responsibility for specific projects. In addition, when as a result of a Preliminary Inquiry the Inspector General recommends that no further Board action is warranted, the Audit Committee Chair is delegated the authority to accept that determination. In all other situations, the Audit Committee shall review the matter at its next meeting.

The Chancellor for the State University System of Florida, Board of Governors ("Chancellor") is primarily responsible for providing support to the Board in achieving its mission, goals, and objectives. Among other duties, the Chancellor is responsible for the development and implementation of Board policies and the day-to-day operations of the Board Office, including supervision of professional and support staff.

The Board's Audit Committee, its Inspector General, the University Boards of Trustees audit committees and their respective internal audit executives each serve important roles in ensuring that processes are in place to meet the State University System's responsibility for financial accountability, integrity and efficiency.

### II. AUTHORITY:

Article IX, Section 7, subsection (d) of the Florida Constitution mandates that the Board operate, regulate, control, and be fully responsible for the management of the State University System of Florida, including but not limited to defining the distinctive mission of each constituent university and its articulation with free public schools and community colleges; ensuring the well-planned coordination and operation of the system; and avoiding wasteful duplication of facilities or programs. The Board's management is subject to the powers of the Legislature to appropriate for the expenditure of funds, and the Board is required to account for such expenditures as provided by law. Under Article IX, Section 7 of the Florida Constitution and Board authorizations, the Board of Trustees of each university in the State University System is responsible for oversight and administration of the university.

The authority of the Audit Committee comprises the specific duties and responsibilities delegated to it by the Board as set forth in the Charter adopted on March 26, 2009.

The Board has established the Office of Inspector General which shall provide leadership and coordination of audit, investigative, and compliance functions for the Board Office and shall generally promote activities within the State University System designed to ensure accountability, financial integrity, and efficiency.

### III. INDEPENDENCE:

To achieve the necessary independence, and to ensure effective communication, coordination of activities, and maximum effectiveness, the Inspector General has a dual reporting relationship with the Audit Committee and the Chancellor. The Inspector General shall report functionally to the Audit Committee and shall report administratively directly to the Chancellor. This dual

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

reporting relationship is designed to ensure that the Inspector General is not impaired in any manner from performing his or her mandated duties and responsibilities.

To report functionally to the Audit Committee means the Inspector General shall, among other duties, provide to the Committee:

- the proposed internal risk assessment and audit plan for the Board Office; and
- reports on the results of internal audits and investigations, and on other matters as requested by the Committee, or as may be required by law, applicable auditing standards or the independent professional judgment of the Inspector General.

To report administratively to the Chancellor shall mean all matters within the Board's office management structure that facilitate day-to-day operations of the internal audit and investigation function such as budgeting, human resources administration, internal communication flows, and administration of Board Office internal policies and procedures.

All internal audit activities related to the Board Office shall remain free of influence by any other employee of the Board, including matters of audit selection, scope, procedures, frequency, timing, or report content to ensure the continuation of independent and objective actions necessary to render accurate and unbiased conclusions and findings. In addition, no employee of the Board shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation that is authorized by the Board or required by law. However, the Board, the Audit Committee, or the Chancellor may at any time direct the Inspector General to perform an audit of a special program, function, or organizational unit of the Board Office.

### IV. PROFESSIONAL STANDARDS:

The Inspector General shall conduct all of its activities in accordance with the current *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with *Government Auditing Standards*, published by the Comptroller General of the United States, and *the Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General. All reports issued by the Inspector General shall include a statement that the audit or investigation was conducted pursuant to the appropriate standards.

Furthermore, the Inspector General and his or her staff shall conduct activities consistent with the Institute of Internal Auditors "Code of Ethics" as well as any and all professional codes of conduct required by applicable law, rule, regulation, or Board's policy.

### V. SCOPE OF WORK:

In adherence with applicable law, the Florida Constitution, and the *Audit and Compliance Committee Charter*, the Inspector General shall perform the following activities as they relate to:

#### A. THE BOARD OFFICE

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

### 1. Internal Audit

- Provide direction for, supervise, and coordinate audits, management reviews, surveys, inspections, and other such activities, relating to the programs and operations of the Board. Audits to be conducted shall be identified through a risk-based assessment and work plan and include financial, performance, compliance, and information systems/ IT audits.
- Conduct, supervise, or coordinate other projects carried out or financed by the Board for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- Report periodically to the Board, the Audit Committee, and the Chancellor about fraud, abuses, or deficiencies relating to programs and operations administered or financed by the Board, recommend appropriate corrective actions, and report on the progress made in implementing such corrective action.
- Act as liaison with the Auditor General, federal auditors, and other governmental entities to ensure coordination of external reviews to avoid duplication.
- Review, as appropriate, regulations relating to the programs and operations of the Board and make recommendations concerning their impact.
- Monitor the implementation of the Board's response to any report on the Board issued by the Office of the Auditor General or by the Office of Program Policy Analysis and Government Accountability and no later than six months after the release of the final report provide a written response to the Audit Committee and to the Chancellor on the status of corrective actions taken and confirm a copy of such response is filed with the Legislative Auditing Committee.

### 2. Investigations and Preliminary Inquiries

- Receive and review complaints of alleged violations of policies, regulations, or procedures, and when appropriate initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses.
- Report expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Conduct investigations and other inquiries free of actual or perceived impairment by any person to the independence of the Inspector General.

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

- Report to the Audit Committee Chair results of Preliminary Inquiries with a recommendation for no further Board action or a recommendation for review by the Audit Committee.
- Submit in a timely fashion to the Board, the Audit Committee, and the Chancellor final reports on investigations conducted by the Inspector General, except for investigations conducted pursuant to the Florida Whistle-blower's Act, which shall be conducted and reported pursuant to applicable law.
- Investigate complaints filed by a Board employee pursuant to Florida's "Whistle-blower's Act," which allege violation of federal, state, local law, rule, or regulation or which create and present a substantial and specific danger to the public's health, safety, or welfare or which allege a suspected act of gross mismanagement, malfeasance, or misfeasance.

### **B. THE STATE UNIVERSITY SYSTEM**

- Receive and review university independent audited financial statements and university internal audit reports of their operations in order to identify trends in such reports and confirm that adverse trends are being addressed by the universities.
- As directed by the Audit Committee, initiate inquiries if the Audit Committee has reasonable cause to believe that a university is not providing for appropriate response to significant audit findings.
- As directed by the Audit Committee, be responsible for conducting any audit or other such activity relating to a state university pursuant to the provisions set forth in the Audit Committee's Charter.
- As directed by the Audit Committee, conduct an inquiry or investigation in order for the Audit Committee to determine if there is reasonable cause to believe that a University Board of Trustees is unwilling or unable to provide for objective investigation of credible allegations of fraud or substantial financial impropriety.
- Work collaboratively with the universities to develop resources that will support sound audit and financial compliance practices.

### **C. OTHER ACTIVITIES**

- Prepare an annual report on or before September 30, which summarizes the activities of the Office of the Inspector General during the preceding fiscal year. The annual report shall be provided to the Chancellor, members of the Board, and other designated entities.
- Provide support to the Board and the Chancellor, as requested, in matters that improve the overall efficiency and/or effectiveness of the Board.

## OFFICE OF INSPECTOR GENERAL AND DIRECTOR OF COMPLIANCE CHARTER

- ~~Ensure that periodic quality assurance reviews by the Florida Auditor General of the Office of the Inspector General are conducted consistent with applicable law and professional standards.~~
- ~~Represent the Board of Governors on the State University Audit Council.~~
- ~~On behalf of the Board, act as a liaison with outside agencies and the federal government to promote accountability, integrity, and efficiency in the audit and compliance functions relating to the Board's internal operations.~~

### **VI. AUDIT PLANNING:**

~~The Inspector General shall develop long term and annual Audit Plans relating to the Board Office based on the findings of periodic risk assessments. The Audit Plan shall include the individual audits to be conducted during each year and related resources to be devoted to the respective audits and activities.~~

~~The Audit Plan shall be developed based on a review of all Board operational units using a risk-based methodology and assessment. Any significant deviation from the formally approved work schedule shall be communicated to the Audit Committee and to the Chancellor through periodic status reports. The Audit Plan shall take into account available resources and staffing and budget limitations.~~

~~The Audit Plan may include special projects supporting Board or system financial controls, integrity and accountability.~~

~~The Audit Plan shall be submitted to the Audit Committee of the Board for final approval, with a copy of the approved plan submitted to the Auditor General.~~

### **VII. ANNUAL REVIEW:**

~~The Audit Committee shall confirm annually that the duties and responsibilities outlined in this Charter have been carried out and review and assess the adequacy of the Charter in achieving the goals and objectives of the Board.~~

~~Approved by the State University System of Florida, Board of Governors.~~

~~History: Adopted 6-18-09, Reviewed and Amended 6-18-10, 6-21-12~~

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
June 18, 2014**

**SUBJECT:** Approval of Office of Inspector General and Director of Compliance Work Plan for Fiscal Year 2014-2015

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**PROPOSED COMMITTEE ACTION**

Approval of Office of Inspector General and Director of Compliance Work Plan for Fiscal Year 2014-2015.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Section 20.055, Florida Statutes

**BACKGROUND INFORMATION**

Section 20.055, Florida Statutes, requires Inspectors General to create annual and long-term work plans. The OIGC work plan is presented today for review and approval.

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**Supporting Documentation Included:** Office of Inspector General and Director of Compliance Work Plan for Fiscal Year 2014-2015

**Facilitators/Presenters:** Joe Maleszewski



# Office of the Inspector General and Director of Compliance 2014-2015 Work Plan

Pending Approval by the Board of Governors  
June 19, 2014

Joseph K. Maleszewski, MBA, CIG, CIA, CISA  
Inspector General and Director of Compliance



Draft Pending Board of Governor Approval: 5/29/14

## INTRODUCTION

The Office of Inspector General and Director of Compliance (OIGC) was established within the Board Office to provide a central point of coordination and responsibility for activities that promote accountability, integrity and efficiency. The duties, functions, and activities of the OIGC are prescribed pursuant to Sections 20.155, and 20.055, Florida Statutes.

Our work plan for fiscal year 2014-15 is based on a risk assessment as well as prior audit and investigative coverage.

### *OIGC WORK PLAN - FISCAL YEAR 2014-2015*

Section 20.055, Florida Statutes, specifies that the Inspector General develop long-term and annual audit plans based on the findings of periodic risk assessments and that the plan show the individual audits to be conducted during each year and related resources to be devoted to the respective audits. The plan is submitted to the Audit and Compliance Committee, the Board of Governors and the Chancellor for approval. A copy of the approved plan is submitted to the Auditor General.

To help ensure that Board Office risk exposures are understood and managed, the OIGC conducted a risk assessment survey. The risk assessment has a two-fold purpose: 1) to help identify potential risks to the operational and programmatic activities of the Board Office; and 2) to assist the OIGC in identifying audit projects and assignments for the coming fiscal year.

Forty-three (43) of 57 Board Office staff (75%) participated in a one-hour OIGC risk assessment meeting. Forty (40) of 57 Board Office staff (70%) completed the risk assessment survey.

The 20-question survey inquired about management controls; communications; staffing and resources; data systems and information; reporting; degree of change; performance measures; fraud, waste and abuse; and risks. The first 13 questions were based on the Likert scale and provided the opportunity for additional free-response information. The remaining seven questions were free-response. The survey results were compiled and analyzed both quantitatively and qualitatively.

Using assumptions regarding leave usage, professional development, indirect time, and likely vacancies, we computed the OIGC staff hours available for projects. In total the OIGC will have 4,720 hours available for projects including audit, investigative and compliance activities. We estimated that it would take 700 of these hours to complete four priority OIGC projects currently in progress.



Draft Pending Board of Governor Approval: 5/29/14

We also set aside approximately 15% (700 hours) for special projects to meet management's and the board's needs as priorities are identified.

Based on the results of our assessment, the following areas were identified as priorities for fiscal year 2014-2015.

| <b>Annual Work Plan - FY 2014-2015</b>   |                        |
|--|------------------------|
| <b>Project Title</b>   | <b>Estimated Hours</b> |
| <b>AUDIT</b>   |                        |
| Information Resource Management - Information Technology Governance            | 400                    |
| Board Office Telecommuting   | 150                    |
| <b>CONSULTING</b>  |                        |
| Performance Based Funding Model - Data Integrity                               | 300                    |
| Target Educational Attainment (TEAm) Grant Program                             | 250                    |
| Control Self Assessment - University Audit and Audit Committee Practices       | 250                    |
| FAMU Corrective Action Plan Follow-up  | 100                    |
| <b>COMPLAINTS/PRELIMINARY INQUIRIES/INVESTIGATIONS</b>                         |                        |
| Complaint Intake and Triage  | 150                    |
| Preliminary Inquiries  | 150                    |
| Investigations   | 250                    |
| <b>OIGC PROJECTS</b>   |                        |
| Risk Assessment and Audit Plan - 2015-2016                                     | 150                    |
| OIGC Annual Report - 2013-2014   | 150                    |
| OIGC Complaint Webpage (Hotline) Development                                   | 40                     |
| Regulation Development - Repeat Audit Finding Process (Section 1008.322, F.S.) | 100                    |
| Audit Finding Tracking and Assessment  | 200                    |
| Data Request System for Collection of SUS External and Internal Audit Reports  | 150                    |
| Records Retention/ Archival Project  | 30                     |
| Update Audit and Investigative Procedures                                      | 100                    |
| Committee and Board Meeting Preparations                                       | 400                    |
| <i>Special Request Hours (Approximately 15%)</i>                               | <i>700</i>             |
| <i>Carry Forward Hours</i>   | <i>700</i>             |
| <b>Total</b>   | <b>4,720</b>           |



Draft Pending Board of Governor Approval: 5/29/14

Additionally, the following audit topics have been scheduled as part of the OIGC’s long-term work plan.

| <b>Long-Term Work Plan - FY 2014-2015</b>                        |     |
|--|-----|
| Public Private Partnership legislation                           | 350 |
| Tuition Issues (Tuition Differential and Fees Programs)          | 350 |
| UF Online  | 500 |
| Institutes and Centers   | 350 |
| Establishment of Educational Sites                               | 350 |
| Academic Program Review database and reporting process           | 350 |
| FSU Higher Education and Healthcare Grant                        | 300 |
| UNF Online University Study Grant                                | 300 |
| University Work Plans Process                                    | 500 |
| State University System of Florida Board of Governors Foundation | 350 |
| Residency for Tuition Purposes                                   | 350 |

The OIGC work plan is subject to change based on the results of the periodic risk assessments, and in order to be responsive to requests made by the Board of Governors or the Chancellor to evaluate particular programs.

Respectfully Submitted: \_\_\_\_\_ Date: \_\_\_\_\_  
 Inspector General

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Chancellor

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Chair, Audit and Compliance Committee

Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Chair, State University System of Florida Board of Governors

STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
June 18, 2014

**SUBJECT:** Updates, Office of Inspector General and Director of Compliance  
Activities

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**PROPOSED COMMITTEE ACTION**

Information Only

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution

**BACKGROUND INFORMATION**

Mr. Maleszewski will provide Committee members with updates on various activities in the Office of Inspector General and Director of Compliance, as time permits.

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**Supporting Documentation Included:** None

**Facilitators/Presenters:** Joe Maleszewski