



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, organization, standards of work, code of ethics, access, independence and objectivity, and OIGC responsibilities for the Board Office and the State University System of Florida (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.

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; or the *Information Systems Auditing Standards* published by ISACA.¹ 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.

¹ 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.

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 its 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

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 20.055², and Sections 112.3187 – 112.31895³, 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 the Board Office for the purpose of promoting economy and efficiency in the

² Agency Inspectors General

³ Whistle-blower's Act

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 complaints⁴.

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 the direction of the Inspector General.

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

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 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 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.

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 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

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 authority⁵ 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 State University System of Florida 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,

⁵ 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.

regulations, requirements and university policies and procedures.

- **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.

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