

**BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
“DRAFT” AUDIT COMMITTEE CHARTER**

**INTRODUCTION:**

The Audit Committee was established to assist the Board of Governors for the State University System of Florida (“Board”) achieve its goals and objectives, by providing a systematic and disciplined approach to the evaluation of the Board’s operations and to be primarily responsible for improving the effectiveness of the organization’s risk management, control and governance processes. This Charter shall establish that the Audit Committee has the necessary authority to carry out its duties, including the responsibility to review policies related to the compliance function.

In addition, this Charter shall establish clear lines of authority, responsibility and expectations related to the Offices of Inspector General and Director of Compliance (“Inspector General”), which shall serve as the central point for the coordination of all activities designed to promote accountability, efficiency and effectiveness in the operations of the Board and the state university system.

Internal auditing is comprised of objective and independent assurance and consulting activities that are guided by a philosophy of adding value to the operations of the Board. Investigative activities are designed to deter, detect and prevent waste, fraud and abuse. Compliance activities are designed to provide management and other stakeholders with independent assurance that operations are being conducted in a manner that is fully consistent with all applicable laws, rules, regulations and policies of the organization. The compliance program embodies the Board’s commitment to “due diligence” in ensuring the prevention and timely detection of possible violations of law.

The Charter is presented with the following sections: I. Organization; II. Authority; III Professional Standards; IV Independence; V. Scope of Work; VI Audit Planning; VII. Reporting; and VIII. Monitoring.

**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 include the President of the Advisory Council of

the Faculty Senate, the Commissioner of Education, and the Chair of the Florida Student Council.

The Audit Committee serves as the central point for demonstrating the Board's commitment to accountability, integrity and efficiency in the "operations of the state university system." The essential functions of the Audit Committee are to provide oversight of internal audit, compliance and ethics related activities; to review significant accounting and reporting issues; to review risk assessment methodologies and risk management policies; assess the effectiveness of the internal control system and to review any report of significant audit or compliance related findings and recommendations. The Audit Committee shall provide guidance on how to establish and maintain strong working relationships with the external auditors and other stakeholders and assist the Board in obtaining adequate funding and resources needed by the Inspector General to fulfill his or her mandated duties.

The Board has significant oversight responsibilities for Florida's higher education system. The Board's Audit Committee in collaboration with the audit committees of the Boards of Trustees for the state universities and their respective internal audit executives, help to ensure that processes are in place to meet those responsibilities.

The Inspector General shall provide leadership and oversight of audit and compliance functions for the Board and the state university system and is generally responsible for coordinating activities that promote accountability, integrity, and efficiency as required by law.

In order 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 directly to the Chancellor on matters related to annual assignment and broader policy issues and concerns that fall within the overall scope of work and to the Audit Committee on findings related to audit and compliance issues and any other matters conducted at the direction of the Board.

## **II. AUTHORITY:**

Article IX, Section 7, subsection (d) of the Florida Constitution mandates 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 shall be subject to the powers of the Legislature to appropriate for the expenditure of funds and the Board shall account for such expenditures as provided by law.

Applicable law authorizes the creation of an Office of Inspector General to support the Board by providing a central point for coordination of all activities that promote accountability, integrity and efficiency in the state university system. Specific duties and responsibilities are set forth in Section V. "Scope of Work".

Applicable law also provides that the Inspector General have access to any records, data, and other information available to the Board and the state university system necessary to carry out his or her assigned duties and is authorized to request such information or assistance as may be necessary.

In addition, the Inspector General is authorized to investigate complaints filed by an employee of the Board's office pursuant to Florida's "Whistle-blower's Act", alleging the suspected violation of any federal, state, or local law, rule or regulation by a Board employee or independent contractor and which creates and presents a substantial and specific danger to the public's health, safety or welfare and any suspected act of gross mismanagement, malfeasance, misfeasance, gross waste of public funds, or gross neglect of duty.

### **III. PROFESSIONAL STANDARDS:**

The Inspector General shall conduct all audits 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.

The Inspector General and his staff shall conduct their 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.

#### **IV. INDEPENDENCE:**

The Inspector General shall administratively report to the Chancellor for the Board and shall also report functionally to the Audit Committee on all matters set forth in this Charter. This dual reporting relationship is designed to ensure effective communication and coordination of activities while still ensuring that the Inspector General is not impaired in any manner from performing his or her mandated duties and responsibilities.

The Inspector General shall not be subject to the supervision of any other employee within the organization and shall be appointed without regard to political affiliation.

All internal audit activities 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 by law.

#### **V. SCOPE OF WORK:**

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

In accordance with this Charter and applicable law, the Inspector General shall review and evaluate internal controls necessary to ensure the fiscal accountability of the Board. The Inspector General shall conduct financial, compliance, electronic data processing, and performance audits of the agency 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 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. The performance of the audit shall be under the direction of the Inspector General or the Director of Auditing if the Inspector General does not possess the required qualifications to perform this function. The specific authorized duties and responsibilities of the Inspector General are as follows:

##### **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/EDP 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.
  - Report periodically to the Board 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 avoiding duplication.
  - Review, as appropriate, rules relating to the programs and operations of the Board and make recommendations concerning their impact.

## **2. Investigations**

- Receive and review complaints of alleged violations of policies, rules 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 in state government.
- Receive complaints and coordinate all activities of the agency as required by the Florida's Whistle-blower's Act.
- 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.
- 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.

## **3. Compliance**

- Identify key risk areas and perform a risk assessment on compliance readiness.

- Prioritize implementation of 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 regulatory compliance gaps identified.
- Monitor new developments or requirements in regulatory compliance.
- Improve coordination, dissemination and communication of regulatory compliance issues.
- Develop a best practices model for regulatory compliance

## **B. OTHER ACTIVITIES**

- On or before September 30, prepare an annual report 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 designed entities.
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- Provide support to the Board and the Chancellor, as requested, in matters that improve the overall efficiency and/or effectiveness of the organization.
- Provide oversight and coordination for the State University System audit, investigative and compliance functions as directed by the Board and applicable law, including serving as chair of the State University System Audit Council.
- Oversee and monitor audit and follow-up activities of the university's offices of audit and compliance, as appropriate.
- Work collaboratively and as a liaison with the Board staff and the Compliance Directors at the universities to ensure development, implementation, and maintenance of compliance activities within the State University System regarding state and federal rules and regulations.
- Review and evaluate audit, investigative and management advisory reports issued by the university offices of audit and compliance and from these reports, identify significant systemic issues, problematic trends, or issues with policy implications, and report those findings to the Audit Committee and when appropriate, make recommendations for improvements.
- Identify and develop system wide initiatives for the State University System internal audit, investigation and compliance function.
- Ensure that periodic quality assurance reviews of the office of the Inspector General occur.

- Review annual audits of the universities conducted by the Florida Auditor General and advise the Board, the Audit Committee and Chancellor, as appropriate, of possible corrective action as needed.
- Represent the Board by serving as Chair of the State University Audit Council.
- Act as a liaison with outside agencies and the federal government to promote accountability, integrity, and efficiency in the audit and compliance functions.

## **VI. AUDIT PLANNING:**

The Inspector General shall develop long-term and annual Audit Plans 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 and, when appropriate, post audit samplings of payments and accounts.

The Audit Plan shall be developed based on a review of all 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 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. REPORTING:**

At the conclusion of each audit, the Office of Inspector General and Director of Compliance 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 thirty (30) working days after receipt of the tentative findings. Such response and the Inspector General's rebuttal to the response shall be included in the final audit report. The Inspector General shall submit the final report to the Audit Committee of the Board, to the Chancellor and to the Auditor General.

**VIII. MONITORING:**

The Office of Inspector General shall 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. No later than six months after the Auditor General or the Office of Program Policy Analysis and Government Accountability publishes a report on the Board, the Inspector General shall provide a written response to the Audit Committee and to the Chancellor on the status of corrective actions taken. The Inspector General shall file a copy of such response with the Legislative Auditing Committee.

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Approved by: Carolyn K. Roberts, Chair – Board of Governors  
State University System of Florida

Date: \_\_\_\_\_

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Approved by M. Lynn Pappas, Audit Committee Chair

Date: \_\_\_\_\_

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Concurred with: Mark B. Rosenberg, Chancellor

Date: \_\_\_\_\_

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Concurred with: Vikki Shirley, General Counsel

Date: \_\_\_\_\_

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Prepared by: Derry Harper, Inspector General & Director of Compliance

Date: \_\_\_\_\_

Approved this \_\_\_ day of \_\_\_\_\_, 2008.