

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
"DRAFT" CHARTER OF THE OFFICE OF THE INSPECTOR GENERAL AND
DIRECTOR OF COMPLIANCE
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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 of the Board of Governors for the State University System ("Board") that are designed to promote accountability, efficiency, and effectiveness in the operations of the Board, as well as to support the Board's financial integrity, efficiency and accountability responsibilities respecting the state university system.

The Charter is presented with the following sections: I. Organization, II. Authority, III. Professional Standards, IV. Independence, 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 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 and Compliance 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."¹

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The Chancellor for the State University System of Florida ("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.

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

The Board's Audit and Compliance Committee, the Board's Inspector General, the audit committees of the respective Boards of Trustees for the state universities 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 governance of the administration of the university.

In furtherance of its constitutional mandate and applicable statutes, 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 as required by law. **III.**

PROFESSIONAL STANDARDS:

The Inspector General shall conduct **all of** its 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.

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.

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IV. INDEPENDENCE:

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

To “report functionally” to the Audit and Compliance 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,
- reports on the results of internal audits and investigations, and
- information 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.

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.

All internal audit activities concerning 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 of the Board Office that is authorized by the Board or by law. However, the Board, the Audit and Compliance 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. The Audit and Compliance Committee shall be responsible for directing any audit relating to a state university, as provided in its Charter.

V. SCOPE OF WORK:

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In adherence with applicable law and the Audit and Compliance Committee's Charter, the Inspector General shall:

A. Internal Audit (Applicable to Board Office Only)

- 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, the Audit and Compliance 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 of the Board's internal operations 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 and Compliance 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.

B. Investigations

- Receive and review complaints of alleged violations of policies, regulations, or procedures involving the Board's internal operations, and when appropriate initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses **in the Board Office**,
- Receive complaints and coordinate appropriate responses of the Board 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

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reasonable grounds to believe there has been a violation of criminal law.

- Conduct investigations and other inquiries of the Board's internal operations free of actual or perceived impairment by any person to the independence of the Inspector General.
- Conduct an inquiry or investigation **relating to a university** if the Audit and Compliance Committee has determined 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 other substantial financial impropriety.
- Submit in a timely fashion to the Board, the Audit and Compliance Committee, and the Chancellor final reports on investigations conducted by the Inspector General, except for investigations conducted pursuant to the Florida Whistleblower's Act, which shall be conducted and reported pursuant to applicable law.
- Investigate complaints filed by a Board employee pursuant to Florida's "Whistleblower'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, misfeasance.

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C. **Compliance**

- Receive and review university audit reports. *[Suggest move to D – this relates to university audit, not general compliance functions. Alternatively, change the heading of C to be “Compliance and Monitoring”]*
- Identify trends in such reports and confirm that adverse trends are being addressed by the universities. *[Same comment]*
- Initiate inquiries to a university if the Audit and Compliance Committee has determined it has reasonable cause to believe that a university is not providing for appropriate response to significant audit findings. *[Same comment]*
- Conduct an inquiry or investigation if the Audit and Compliance Committee has determined 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 other substantial financial impropriety. *[Same comment]*

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

D. **Other Activities**

- Act as a liaison with the universities as directed by the Audit and Compliance Committee.
- 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.
- Ensure that an appropriate balance is maintained by the Inspector General between audit, investigative, and other accountability activities associated with the Board Office.
- Provide support to the Board and the Chancellor, as requested, in matters that improve the overall efficiency and/or effectiveness of the Board.
- Ensure that periodic quality assurance reviews of the Office of the Inspector General occur.
- Represent the Board of Governors on 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 relating to the Board’s internal operations.

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- Act as a liaison with the audit committee of university boards of trustees respecting financial compliance.

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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 and Compliance 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 and Compliance Committee of the Board for final approval, with a copy of the approved plan submitted to the Auditor General.

VII. ANNUAL REVIEW:

The Audit and Compliance 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 Board of Governors of the State University System of Florida.

Date: _____

