



OIGC NEWS

Office of Inspector General and Director of Compliance

In January this year, the Board of Governors chair, Brian Lamb, assigned a new chair and vice chair to the Audit and Compliance Committee. We are excited to welcome Governor Kent Stermon to the chair's position and Governor Aubrey Edge as our new vice-chair. We look forward to working closely with each of them.



*Chair of the Audit and Compliance Committee
Governor Kent Stermon*



*Vice-Chair of the Audit and Compliance Committee
Governor Aubrey Edge*

It was a pleasure to work with our former Audit and Compliance Committee chair, Charlie Lydecker, and I appreciate his guidance and support. Governor Stermon was formerly the Audit and Compliance Committee's vice-chair, and I am excited to work more closely with him in his new role as the committee chairman.

We hope you find the content of this quarter's OIGC News informative. Topics in this edition of *OIGC News* include:

- Audit Activities – Internal Audit Awareness Month;
- Compliance Activities – Foreign Influence Legislation Implementation Update; OIGC Compliance Review of Universities' Compliance with Board of Governors Chapter 4 Regulations;
- OIGC Liaison Activities – State University Audit Council; FSU's New CAE; State University Compliance and Ethics Consortium; New OIGC Student Assistant; Staff Congratulations; and
- OIGC Annual Work Plan Updates.

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Inspector General and Director of Compliance



AUDIT ACTIVITIES

May is Internal Audit Awareness Month



The month of May provides a great platform for reminding others — and even ourselves as internal auditors — how valuable internal audit is to the success of the Board of Governors and the State University System. To that end, I would like to recognize and thank all of our internal auditors across the SUS for their efforts and support to our institutions.

COMPLIANCE ACTIVITIES

Foreign Influence Legislation Implementation Update

House Bill 7017, passed in the 2021 Legislative Session, created five new statutes related to foreign influence, which are designed to safeguard our universities against improper influence that could create the opportunity for theft of intellectual property. The university-related components of the new laws have been incorporated into Board of Governors Regulation 9.012, *Foreign Influence*, which requires, for example, reporting of gifts received from and contracts or grants entered into with foreign governments and entities, hiring applicants for research positions, and approval of international travel.

Institutions of higher education (IHE) are required to disclose to the Board of Governors gifts received directly or indirectly from a foreign source with a value of \$50,000 or more received during a single fiscal year. The first reporting cycle for the semi-annual reporting of foreign gifts was January 31, 2022, and the next reporting cycle deadline is July 31st. In accordance with section 1010.25, Florida Statutes, the OIGC is currently reviewing the initial submissions received as of January 31st.

OIGC Compliance Review of Universities' Compliance with Board of Governors Chapter 4 Regulations

Each year, the OIGC conducts a compliance review for universities' compliance with the required submissions in accordance with Board of Governors Regulations 4.002 and 4.003, related, respectively, to university audit and compliance functions. The goal is to ensure all regulatory required submissions are accessible and appropriately categorized in the respective applications for each of those functions.

In addition to the actions described above, OIGC staff also confirmed universities' compliance with Board of Governors Regulation 4.001, *University System Processes for Complaints of Waste, Fraud, or Financial Mismanagement*. One of the requirements in this regulation is that universities develop regulations related to the handling of



significant and credible allegations of fraud, waste, mismanagement, misconduct, and other abuses made against the university president or board of trustees member as well as any such allegations made against the university chief audit executive or chief compliance officer. OIGC staff have been working with universities during this quarter to ensure compliance.

OIGC LIAISON ACTIVITIES

One of the inspector general's duties and responsibilities is to serve as the Board Office representative for the State University Audit Council and the State University System of Florida Compliance and Ethics Consortium. Both groups hold routine conference calls and in-person meetings to discuss common issues, best practices, and trends.

State University Audit Council (SUAC)

SUAC "Brown Bag Lunch Series" meetings are continuing to take place monthly through a virtual platform. Some of the meeting topics during this quarter included:

- SUS Support Organizations Financial Internal Controls Review by Crowe LLP;
- The Role of the Audit Office in Enterprise Risk Management;
- University Processes for Retaining/Recruiting Staff;
- Data Analytics Techniques;
- Handling Adverse Background Checks;
- Review of Board of Governors Chapter 4 Regulation Amendments;
- Risk Landscapes and Planned Audits; and
- Foreign Influence Bill Implementation.

Welcome to FSU's New Chief Audit Executive



Florida State University recently announced the selection of Undra Baldwin as its new Chief Audit Executive. Mr. Baldwin is an expert on internal controls, audit methodology, risk assessment, fraud, information technology general controls and data analytics. He served most recently as the Chief Institutional Auditor at Kennesaw State University in Georgia and will begin his new position at FSU on May 9th. We're eager to meet Undra and help him settle into his new role.

Undra will be assuming the CAE vacancy left by Dr. Sam McCall, who is retiring this spring. Dr. McCall's audit career has spanned more than 50 years...his expertise and experience will be missed. We feel privileged to have worked with Dr. McCall for the eight years he was at FSU and are grateful for his wisdom and dedication to the audit profession. We wish him a long, happy, and fulfilling retirement!



State University System Compliance and Ethics Consortium (Consortium)

During the Consortium's frequent conference calls, members discuss issues of system and national concern and share ideas. For this quarter, meeting topics continued to focus on implementing the foreign influence legislation (refer to the Foreign Influence Implementation Update in the Compliance Activities section above for more details). After the January 31st foreign gifts reporting deadline, Consortium members shifted their focus to other topics such as Enterprise Risk Management, Compliance Risk Assessments, and Staffing.

Internal Controls Review of University Direct Support Organizations

A direct support organization at the University of South Florida was the subject of a multi-million-dollar embezzlement in 2020. As a result of this incident, former Board of Governors Chair, Syd Kitson, directed a review be conducted of all university direct support organizations to identify any deficiencies in internal accounting controls. The Crowe LLP firm was retained last fall to conduct the review of the 90 university support organizations. The review is ongoing at this time. The Board's Vice Chancellor for Finance/Administration and Chief Financial Officer, Tim Jones, and I receive weekly updates on the firm's progress.

For any issues noted in their review, the Crowe firm will provide a summary of observations directly to the university's support organization and ask for a corrective action plan to be provided within two weeks. A summary report will be issued to each university, and a final summary report to the Board of Governors at the September 2022 meeting at the University of West Florida.

Welcome New OIGC Student Assistant

In early March, we welcomed a new student assistant, Lee Biggins. Lee is a junior at FSU, majoring in Management Information Systems. Lee is interested in data collection and the efficient development and use of applications/systems, which will be especially helpful to our function as we develop new procedures for the annual inspection of universities' foreign gifts reporting.

Staff Congratulations

OIGC's student assistant, Katherine Juul, will be graduating at the end of April with her Bachelor's degree in Accounting and Finance. Katherine will be interning with the Department of Justice this summer, which she hopes will lead to a permanent position in the fall. Katherine has been a valuable asset to the OIGC team, and she will be missed!

OIGC ANNUAL WORKPLAN UPDATE

The following table provides the project status of the OIGC's *2021-2022 Annual Work Plan*, approved by the Board of Governors on June 23, 2021. The Plan includes



projects that fulfill our duties and responsibilities in the areas of audit, investigations, or compliance. Additional duties include oversight or support for the State University System of Florida; OIGC internal activities, such as the annual risk assessment; and any other activities that might arise, such as special projects.

The Audit Activities section of the work plan below reflects two of the three audits in this year's work plan as completed (*Audit of the Board Office's Review of University Carryforward Spending Plans* and the *Board of Governors Contract Procurement Compliance Audit*) with the remaining audit (*IT Security and Access Controls*) as in progress. On-going items for this function include audits follow-up and external audits coordination.

Much of the OIGC's Investigative Activities are ongoing and include complaint intake, triage, and monitoring as well as accreditation maintenance and support.

For OIGC compliance activities, the Board Office compliance training and compliance review for Regulation Compliance Oversight have begun.

Related to the State University System Oversight and Support, the Foreign Influence Bill Implementation, a special project (the internal controls review of university direct support organizations), and the Regulation Updates/Development/Review project are all in progress. The University Data Integrity Audit Coordination and Reporting has been completed.

The remaining work plan items, such as Audit and Compliance Committee meetings preparations, SUS meetings/councils, and Board of Governors/Board of Trustees Meeting Monitoring and Preparations are ongoing.



| Annual Work Plan - FY 2021-2022 | |
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| Project Title | Status |
| AUDIT ACTIVITIES - ASSURANCE AND CONSULTING | |
| Operational Audit: Board Office Review of University Carryforward Spending Plans | Completed |
| Cybersecurity Audit: IT Security and Access Controls | In Progress |
| Contract Compliance Audit | Completed |
| Audit Follow-Up | Ongoing |
| External Audit Coordination | Ongoing |
| INVESTIGATIVE ACTIVITIES | |
| Complaint Intake, Triage, and Monitoring | Ongoing |
| Preliminary Inquiries & Investigations | Ongoing |
| Accreditation Maintenance/Support | Ongoing |
| COMPLIANCE ACTIVITIES | |
| Board Office Compliance Training | In Progress |
| Compliance Review: Regulation Compliance Oversight | In Progress |
| Compliance Project Carryforward (Institutes and Centers) | Completed |
| STATE UNIVERSITY SYSTEM OVERSIGHT/SUPPORT | |
| Foreign Influence Bill Implementation | In Progress |
| System Audit-related Summary Report - September 2021 | Completed |
| University Data Integrity Audit Coordination and Reporting | Completed |
| SUS Investigative Assistance/Training | Ongoing |
| Board of Governors and BOT Meeting Participation/Issue Monitoring | Ongoing |
| Committee and Board Meeting Preparations | Ongoing |
| Regulation Updates/Development/Review | In Progress |
| SUS Meetings/Councils | Ongoing |
| OIGC OPERATIONAL ACTIVITIES | |
| Risk Assessment and Audit Plan, 2022-2023 | In Progress |
| OIGC Annual Report/Newsletters | Ongoing |
| OTHER ACTIVITIES | |
| Board Office Student Development Program Coordination | Ongoing |
| Special Projects Request | In Progress |

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