

Florida Board of Governors
Office of Inspector General and Director of Compliance

ANNUAL REPORT
Fiscal Year 2022-2023



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Introduction

In compliance with Florida's Inspectors General Act¹, the Office of Inspector General and Director of Compliance (OIGC) has prepared this annual report to summarize the office's activities for the 2022-2023 fiscal year.

Authority, Standards, and Functions

Authority

As authorized by state law², the Board of Governors (Board) established the OIGC in July 2007 to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

To achieve and maintain independence and objectivity, the inspector general and director of compliance (inspector general) reports functionally to the Board, through the chair of the audit and compliance committee (AACC), and administratively to the chancellor.

Standards

All audit and investigative 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. Additionally, 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.

Functions

The OIGC's three main areas of responsibility are audits, investigations, and compliance. The office also provides staff support to the AACC.

Audits

The OIGC promotes integrity, accountability, and process improvement by providing objective, timely, sufficient, and value-added audit services. The OIGC conducts audits of the Board office and communicates the results of those audits in accordance with audit standards. The inspector general determines the scope and assignment of audits; 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.

¹ Section 20.055, Florida Statutes

² Sections 20.055(2) and 20.155(5), Florida Statutes



Investigations

The goal of the OIGC's investigative function is to deter, detect, and investigate internal and external fraud, waste, mismanagement, misconduct, and other abuses in the Board office. The OIGC also has the authority to investigate waste, fraud, or financial mismanagement within the 12 universities that make up the State University System of Florida (System).

Compliance

The OIGC is responsible for promoting and supporting a culture of compliance, risk management, and accountability by conducting compliance reviews and providing training. The office assists in the prevention and detection of conduct that is contrary to applicable laws, regulations, rules, policies, or procedures; and promotes a culture that encourages a commitment to compliance.

Support for the Audit and Compliance Committee

The OIGC provides staffing support for the AACC, which meets face-to-face or by conference call at least four times per year. Activities in support of the AACC routinely include:

- Participating in one-on-one briefings with Board members prior to Board meetings to discuss agenda topics.
- Preparing meeting materials and presentations for the AACC meetings.
- Communicating by phone and email with the AACC chair for guidance in handling concerns under the committee's purview.
- Assisting AACC members in staying abreast of applicable regulations and statutes.

Audit Activities

During the past fiscal year, we conducted the following internal audit-related projects:

- Audit of the Programs of Strategic Emphasis Tuition and Fee Waivers Program;
- Audit of the Board Office's Human Resources and Administrative Services;
- Internal Quality Assessment Review; and
- OIGC Audit Follow-up Activities.

Audit of the Programs of Strategic Emphasis Tuition and Fee Waivers Program

Our office issued the *Audit Report for Programs of Strategic Emphasis Tuition and Fee Waivers Program* on February 27, 2023. Our office conducted an operational audit to



evaluate the Board Office's implementation and oversight of the Programs of Strategic Emphasis Tuition and Fee Waivers Program.

During the engagement, we identified and reviewed applicable statutes and internal policies and procedures; interviewed Board Office staff in University Budgets, Academic and Student Affairs, and the Office of Data Analytics; and reviewed pertinent agency documentation and records. We concluded Board Office staff developed and implemented processes designed to ensure compliance with statutory requirements and amended Board of Governors Regulation 7.008 to reflect the new waiver program. Additionally, we identified three areas in which Board Office staff could enhance the overall administration and oversight of the Programs of Strategic Emphasis Tuition and Fee Waivers Program and offered four recommendations. Management concurred with the findings and recommendations and committed to implementing corrective actions that will enhance their processes, administration, and oversight.

Audit of the Board Office's Human Resources and Administrative Services

The purpose of the audit was to evaluate the effectiveness and adequacy of Human Resources and Administrative Service's (HR) operations and to evaluate its compliance with federal and state laws, Florida Administrative Code, and Board Office's internal operating policies and procedures. We concluded the Board Office's HR effectively manages employee recruitment, new employee orientation and training, and employment separations.

We noted opportunities for the Board Office to enhance programs, policies, or procedures to bring about greater compliance with state telework and position description requirements and federal employment-related notification requirements. Additionally, we identified opportunities to strengthen existing access and security controls to enhance the safeguarding of confidential and other sensitive HR records.

Internal Quality Assessment Review

The purpose of this engagement was to conduct a self-assessment of the OIGC's compliance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards). The self-assessment reviewed the OIGC's policies and practices in effect between July 2021 and June 2022 and concluded that the quality assurance program related to the OIGC's internal audit activity is adequately designed and generally conforms with the Standards for the Professional Practice of Internal Auditing, as well as the Institute of Internal Auditor's Core Principles, Code of Ethics, and Definition of Internal Auditing.



OIGC Audit Follow-up Activities

The OIGC is required by law³ and professional auditing standards to establish and maintain a system to monitor the disposition of results communicated to management in a prior audit or review. The OIGC’s monitoring process consists of bi-annual meetings or communications to evaluate the progress and status of corrective actions of all audit recommendations, including those issued by external parties such as the Auditor General.

The OIGC is also required⁴ to identify significant recommendations made to the Board that were described in previous annual reports on which corrective action has not been completed. We did not identify any such recommendations.

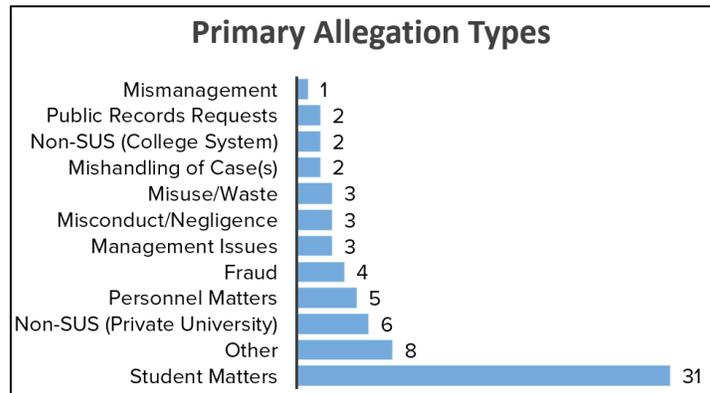
Investigative Activities

During the 2022-2023 fiscal year, the OIGC engaged in the following investigative-related activities:

- Complaints, Notifications, and Requests;
- Accreditation; and
- Whistle-blower Activity.

Complaints, Notifications, and Requests

The OIGC typically receives complaints, notifications, and requests for information by telephone, letter, fax, or e-mail. The OIGC opened 70 new cases related to complaints, notifications, and requests for information that were received during the 2022-2023 fiscal year. The following graph provides an overview of the types of primary allegations associated with the new cases opened.



³ Section 20.055, Florida Statutes

⁴ Section 20.055(8)(c), Florida Statutes



Of the 70 new cases opened during the year, the OIGC closed 65 in the following ways:

- Referred 50 to the appropriate university or agency for handling, and monitored the outcome, if necessary;
- Processed 10 within the OIGC; and
- Determined 5 required no referral as they were either previously or concurrently being addressed by other appropriate entities.

Additionally, the OIGC closed five historical cases related to complaints and notifications that carried over into the 2022-2023 fiscal year from the previous fiscal year.

Accreditation

Florida is the only state that has an accreditation program for the investigative function within Offices of Inspector General, through the Commission for Florida Law Enforcement Accreditation, Inc. (Commission). Accreditation has long been recognized as a means of maintaining the highest standards of professionalism and entails a rigorous review process of our investigative function. We are proud to have appeared before the Commission in February to receive reaccreditation status.

Whistle-blower Activity

The OIGC assesses every complaint it receives to determine if the Whistle-blower's Act's provisions might apply. The OIGC did not receive any complaints from the Board Office that would fall under the Whistle-blower's Act.

If the OIGC receives a university-related complaint that may fall under the provisions of the Whistle-blower's Act, the OIGC refers it to the appropriate university chief audit executive for primary handling. The OIGC referred four of the complaints received during the fiscal year to the universities' chief audit executives for whistle-blower consideration.

Compliance Activities

During the 2022-2023 fiscal year, the OIGC engaged in the following compliance-related activities:

- Compliance Review: Regulation Compliance Oversight;
- Compliance Review: Foreign Gifts Inspection;
- Compliance Training; and
- Compliance Self-assessment.



Compliance Review: Regulation Compliance Oversight

This compliance review, issued in August 2022, evaluated Board Office staff's compliance related to the oversight and monitoring of the Board of Governors regulation development process for the adoption, amendment, or repeal of Board of Governors' Regulations during the 2021 calendar year. We made recommendations to strengthen the regulation development review and approval process to better align with the Board Office's internal operating policies and procedures. Additionally, we recommended periodic training for staff and encouraged the consistent use of available tools and templates.

Compliance Review: Foreign Gifts Inspection

In accordance with state law,⁵ we conducted a random inspection of at least 5% of the foreign gifts disclosed by institutions of higher education (IHEs) affiliated with the System. The purpose of the inspection was to evaluate the System IHEs' compliance with the statutory reporting requirements related to foreign gifts and foreign gift agreements.

We determined all the foreign gift disclosures were made in a timely manner in accordance with the prescribed method and were determined compliant with the statutory reporting requirements. Additionally, we noted a couple of minor issues related to reported gift amounts and foreign sources of indirect gifts. We also became aware of institutional challenges associated with reporting certain types of gifts, such as contracts involving royalties, educational agreements, and research or clinical trial agreements.

Our office continues to work with the SUS IHEs to ensure the interpretation and application of the law, as well as the SUS IHEs reporting practices, are consistent across the System.

Compliance Training

The OIGC co-hosted a compliance training event with the general counsel for all Board Office staff in December 2022. The general counsel also serves as the ethics officer and presented a summary of the state's code of conduct for employees and ethics requirements, which is statutorily required each year. The compliance and audit specialist focused on the Board Office's internal regulation development procedure.

Compliance Self-assessment

The U.S. Federal Sentencing Guidelines require compliance programs to evaluate periodically or at least every five years the effectiveness of the organization's compliance program. In March, we issued the results of our internal assessment which identified

⁵ Section 1010.25(3)(d)2., Florida Statutes



improvement opportunities related to communication, review of authoritative documents, and continued self-monitoring.

Other OIGC Activities

Support for the Audit and Compliance Committee

The Board's inspector general is responsible for keeping the Audit and Compliance Committee (AACC) informed of the OIGC's activities that may be required by professional auditing standards. The IG provides information or updates on any topics AACC members request. Presentations made to the AACC during the year included the following topics:

- System Audits Summary, FY2021-2022. The summary described the results of all audits conducted on the 12 System institutions.
- Foreign Influence Legislation Implementation Summary. The summary explained the statutory requirements for reporting foreign gifts and travel, as well as the screening of foreign researchers.
- Foreign Influence Prevention in the State University System Panel Discussion. Panelists included institutional researchers and chief compliance officers who described the ways in which their universities monitor foreign travel, screen foreign researchers, and educate faculty and staff on how to identify any adverse influence or activity from representatives or companies from the countries of concern.
- University Performance Based Funding and Preeminence Audit Results. This presentation is annually provided to the AACC in March and provides a summary of the results of each System institution's audit results and corrective actions related to the internal controls surrounding the integrity of the data used for these PBF or preeminence metrics.
- State University System Chief Audit Executives Panel Discussion, "University Internal Audit's Value as Trusted Advisors." The panel was comprised of three university chief audit executives who described the ways in which they provide their university boards of trustees with the information trustees need to fulfill their duties and responsibilities.
- Progress Reports on the External Financial Controls Review of University Direct Support Organizations. These progress reports were provided at each AACC meeting to update them on the progress of corrective actions status.

Legislative Monitoring

OIGC staff monitor any house or senate bills that relate to the duties and responsibilities of our office. For the 2023 legislative session, OIGC staff monitored two such bills, as follows:



- House Bill 515 / Senate Bill 596, which passed and was signed by the governor. It authorizes the Board of Governors inspector general, or designee, to issue and serve subpoenas and subpoenas duces tecum on behalf of the Board or a state university. This will allow the inspector general to compel the attendance of witnesses and the production of documents, reports, answers, records, accounts, and other data in any medium if needed.
- House Bill 679 / Senate Bill 846, which passed and was signed by the governor. It amends sections 288.860, 286.101, and 1002.421, Florida Statutes, related to universities conducting business and entering into agreements with or accepting gifts from foreign countries of concern.

Whistle-blower Training Provided

To support the chief audit executives in fulfilling their responsibilities under the Whistle-blower's Act, the OIGC offers training on the components and requirements of the Act. On November 3, 2022, the OIGC's investigations and audit manager provided this training to chief audit executives at the in-person meeting of the State University Audit Council on the Florida State University campus.

OIGC Newsletter

The OIGC publishes the *OIGC News* three quarters each year. The newsletter is designed to supplement Board meetings to keep the AACC informed regarding OIGC activities and updates. The most current OIGC newsletter is available at:

<https://www.flbog.edu/about-us/inspector-general/>

Professional Development and Associations

OIGC staff develop and maintain their professional knowledge, skills, and abilities through professional development opportunities, which develop and hone their expertise in a variety of disciplines. Employees are qualified in auditing, financial matters, investigations, fraud, compliance, and information technology. Collectively, OIGC staff have obtained 12 professional certifications and are members of the following professional organizations:

- Association of Inspectors General (National and State Chapters);
- Institute of Internal Auditors (National and Tallahassee Chapters);
- ISACA (National and Tallahassee Chapters);
- Association of Certified Fraud Examiners; and
- Society for Corporate Compliance and Ethics.



OIGC Staff Biographies

Julie M. Leftheris, CPA, CIG, CFE, CIA, CISA Inspector General and Director of Compliance

Julie has over 30 years of audit and investigative experience and has served as the inspector general and director of compliance for the Board of Governors since July 2018. Julie is a graduate of Florida State University with degrees in both Finance and Accounting. She currently serves as a board member of the Florida Association of Inspectors General, a member of the Leon County School Board Audit Committee, and Commissioner for the Florida Commission for Law Enforcement Accreditation.

Rebekah Weeks, CIGI, CIA Investigations and Audit Manager

Rebekah joined the OIGC staff in October 2015. She previously worked in the Executive Office of the Governor's Office of the Chief Inspector General. Rebekah has a Bachelor of Science degree in Social Welfare from the University of Albany and two master's degrees from Florida State University (Public Administration and Social Work). She holds a professional certification of Certified Inspector General Investigator (CIGI) and serves as the Accreditation Manager for the OIGC's investigations section. She is also a Certified Internal Auditor through the Institute of Internal Auditors.

Lori Clark, CIGA, CCEP, CGAP Compliance and Audit Specialist

Lori joined the Board of Governors office in August 2006 as an educational policy analyst in the Board office's Academic and Student Affairs unit, transferring to the OIGC in August 2008. She earned her bachelor's and master's degrees in French Language and Literature from Florida State University and has over 30 years of experience in postsecondary education, including teaching, student services administration, program implementation, auditing, and compliance.

Christine LeClere, CIGI, CFE Investigations and Audit Specialist

Christine joined the OIGC staff in August 2022. She previously worked in the Florida Department of Transportation Office of the Inspector General. Christine has a Bachelor of Arts degree in Art History from the University of South Florida and a master's degree in education from the University of Central Florida. She is currently enrolled in another master's degree program for Law Enforcement Intelligence at Florida State University. Christine holds a professional certification as a Certified Inspector General Investigator (CIGI) and Certified Fraud Examiner (CFE).



Lukes Toussaint
Student Assistant

Lukes joined the OIGC in May 2022 after graduating from Florida State University with a Bachelor of Science degree in Accounting and in Management Information Systems. In May 2023, he completed his Master of Accounting degree at Florida State University. He is currently studying for the last exam part for the Certified Public Accountant designation; he passed the first three parts while enrolled as a graduate student and while working with our office part-time. He starts full-time employment with the accounting firm KPMG in October 2023.





200 West College Avenue

Tallahassee, FL 32301

Phone: (850) 245-0644

Email: BOGInspectorGeneral@flbog.edu

Website: www.flbog.edu