

Office of Inspector General
and Director of Compliance

Annual Report
2015-2016



STATE
UNIVERSITY
SYSTEM
of FLORIDA

Board of Governors

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INTRODUCTION

In compliance with Florida's Inspector General Act, Section 20.055, Florida Statutes, the Office of Inspector General and Director of Compliance (OIGC) has prepared this Annual Report to summarize the office's activities for the Fiscal Year 2015-2016. This report is submitted to the Chancellor of the State University System of Florida (System) Board of Governors, members of the Board of Governors (Board), and the Auditor General of Florida.



AUTHORITY, STANDARDS, AND FUNCTIONS

AUTHORITY

As authorized by Article IX, Section 7 of the Florida Constitution and Section 20.155(5), Florida Statutes, the Board established the OIGC in July 2007 to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance. Subsequently, the Board adopted the *Audit and Compliance Committee Charter* and the *Office of the Inspector General and Director of Compliance Charter* (Charters). The OIGC charter identifies the authority under which the OIGC operates, and specifies its mission, organization, standards of work, code of ethics, access, independence, and objectivity as well as the OIGC responsibilities related to the Board Office and the System.

To achieve and maintain independence and objectivity, the Inspector General and Director of Compliance (Inspector General) reports directly to the Board, through the Chair of the Audit and Compliance Committee (Committee), and administratively to the Chancellor. The dual reporting relationship is designed to promote effective communication and coordination of OIGC activities, while ensuring that the Inspector General is not impaired in any manner from performing his mandated duties and responsibilities.

In accordance with Section 20.155(5), Florida Statutes, the OIGC shall have access to all information and personnel necessary to perform its duties and responsibilities, and shall have all of the powers, duties, and responsibilities authorized in Florida's Inspectors General Act [Section 20.055, Florida Statutes]. For example, as it relates to the Board Office, the Inspector General must review and evaluate internal controls to ensure fiscal accountability by conducting operational, financial, and compliance audits or reviews and develop an annual audit plan based upon a systematic risk assessment of Board Office operations. In addition, the Inspector General shall initiate and conduct investigations into fraud, waste, mismanagement, misconduct, or abuse, and report results of investigative activities, including those complaints filed by a Board employee pursuant to the Florida Whistle-blower's Act [Sections 112.3187-112.31895, Florida Statutes].

If the Board, based upon the recommendation by the Committee, determines that a state university board of trustees is unwilling or unable to address credible allegations made by any person relating to waste,



fraud, or financial mismanagement, the Inspector General shall conduct, coordinate, or request investigations [Section 20.155 (5), Florida Statutes].

STANDARDS

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.

Investigative assignments are 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.

FUNCTIONS

In accordance with the Charters, the OIGC's three main areas of responsibility are audit, investigations, and compliance.

1. Audit

As defined by the Institute of Internal Auditors,

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 promotes integrity, accountability, and process improvement by providing objective, timely, sufficient and value-added audit services. The Inspector General conducts audits of the Board Office and prepares

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.



reports of his findings. The Inspector General determines the scope and assignment of audits; however, the Committee Chair and the Chancellor may at any time direct the Inspector General to perform an audit of a special program, function, or organizational unit.

Pursuant to Section 20.055, Florida Statutes, the internal audit activity of the OIGC includes developing audit plans; conducting audits; following-up on audits and related management corrective actions; developing a Quality Assurance and Improvement Program; and assisting in consulting engagements for initiatives, rules, and regulations.

The Inspector General represents the Board of Governors on the State University Audit Council (SUAC), which is composed of System universities chief audit executives. SUAC meets biannually to address common issues and share best practices.

2. Investigations

The goal of the OIGC’s investigative responsibilities is to deter, detect, and investigate internal and external fraud, waste, mismanagement, misconduct, and other abuses in the Board Office.

The OIGC also manages a hotline webpage. This webpage provides information and forms for individuals to file complaints on a variety of matters to appropriate jurisdictions depending on the nature of the complaint, the matters involved, and the individual making the complaint. The webpage can be accessed from the Board website either by selecting the “Contact Us” link or through the OIGC webpage.

<http://flbog.edu/contact/complaint/>

The image shows a screenshot of the State University System of Florida Board of Governors' complaint form and a dropdown menu for filing a complaint.

Form Fields:

- Date: [Text Box]
- YOUR CONTACT INFORMATION** - You may remain anonymous. It is most beneficial if we have the ability to contact you for additional clarification of the issues you are reporting.
- First Name: [Text Box] Last Name: [Text Box]
- Home Phone No.: [Text Box] Cell Phone: [Text Box]
- E-mail Address: [Text Box]
- Home Mailing Address: [Text Box]
- City: [Text Box] State: **Florida**
- Your employer: [Text Box]
- Work Phone No.: [Text Box]
- Work Address: [Text Box]
- City: [Text Box] State: **Florida**
- How would you prefer we contact you? **Select one**
- What is your status with the Board of Governors or a Board of Regents?**
 - Current employee of the Board of Governors or a Board of Regents
 - Former employee of the Board of Governors or a Board of Regents
 - An applicant for a position with the Board of Governors or a Board of Regents
 - Current employee of a State University or a State College
 - Former employee of a State University or a State College

HOW TO FILE A COMPLAINT:

There are a number of venues for making a complaint. Depending on the nature of the complaint, different entities will have the appropriate jurisdiction to either address or investigate your concerns. Please read the following carefully to ensure you report your concerns to the proper place for action:

Expand All | Collapse All

- Students - Assistance with Solving Problems**
 - To file student complaints once the student has exhausted all appropriate internal university processes.
- Office of Inspector General and Director of Compliance (OIGC) Complaint**
 - To file complaints alleging waste, fraud, or financial mismanagement within the Board of Governors and the State University System of Florida.
- University Complaints**
 - To file complaints alleging waste, fraud, or financial mismanagement at a University. Not for Student Complaints.
- Ethics Complaints**
 - To file complaints alleging violations of the Code of Ethics for Public Officers and Employees (Part III of Chapter 112, Florida Statutes).
- Florida Commission on Human Relations**
 - To file discrimination complaints related to employment, housing, public accommodations, or Whistle-blower's Act retaliation.
- CFO Get Lean Hotline**
 - To provide comments about how the state can save money.
- Whistle-blower's Hotline**
 - To file complaints alleging serious wrongdoing on the part of a public employer or independent contractor.
- U.S. Department of Education - Office of Civil Rights**
 - To file student complaints regarding discrimination and other civil rights problems if such complaint have not been resolved at the university or system level.
- U.S. Department of Education - Office of Inspector General**
 - To file complaints related to fraud, waste, or abuse of U.S. Department of Education funds.



As provided in its Charter, the Committee can direct the Inspector General to conduct an inquiry or investigation if it has reasonable cause to believe a university board of trustees is unwilling or unable to provide for objective investigation of credible allegations of fraud or other substantial financial impropriety. In those instances where the Inspector General determines that no further action is warranted, the Board has delegated authority to the Committee Chair to make a final determination regarding a complaint.

3. Compliance

In the area of Compliance, the OIGC is responsible for promoting and supporting a culture of compliance, risk mitigation, and accountability. The office assists 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 Inspector General represents the Board of Governors on the State University System of Florida Compliance and Ethics Consortium, which is composed of compliance directors and representatives from each of the System universities. The Consortium was established to provide an avenue for member institutions to discuss the development and implementation of compliance and ethics programs, new federal and state regulations, best practices, and common issues.

4. Support for the Audit and Compliance Committee

The OIGC provides staffing support for the Committee, which meets face-to-face or by conference call four times per year or as needed.

Activities in support of the Committee routinely include:

1. Holding one-on-one briefings with Board members prior to Board meetings to discuss agenda topics.
2. Preparing meeting materials and making presentations to the Committee for face-to-face meetings or conference calls.
3. Communicating by phone and email with the Committee Chair for guidance in handling concerns under the Committee's purview.
4. Assisting Committee members in staying abreast of applicable regulations and statutes.



AUDIT ACTIVITIES

During Fiscal Year 2015-2016, the OIGC engaged in the following internal audit-related activities:

- Performance Based Funding Data Integrity Certification and Audits
- Regulation Development Update
- FGCU Review
- University Corrective Action Plan Follow-Up
- Other OIGC Audit Activities
 - Legislative Budget Request
 - Chief Audit Executive Reporting System (CAERS) Application Update
- Trustee Summit and Breakout Session
- OIGC Risk Assessment and Work Plan

Each of these topics is covered in detail on the pages that follow.



PERFORMANCE-BASED FUNDING DATA INTEGRITY CERTIFICATION AND AUDITS

Over the past few years, Florida has joined a number of states who are moving away from funding that incentivizes student access and is based on the number of full-time equivalent students. Florida has adopted a funding model aligned with state goals and priorities that provides incentives for system institutions to help students successfully complete degree programs. The model has four guiding principles:

1. Use metrics that align with State University System Strategic Plan goals;
2. Reward excellence or improvement;
3. Have a few clear, simple metrics; and
4. Acknowledge the unique mission of each institution.

Key components of the Performance-based Funding Model include:

- Institutions are evaluated on either excellence or improvement for each metric.
- Information is based on one-year data.
- The benchmarks for excellence are based on the Board of Governors 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for improvement are determined after reviewing data trends for each metric.
- The Florida Legislature and Governor determine the amount of new state funding and a proportional amount of institutional funding that would come from each university's recurring state base appropriation.

This Performance-based Funding Model includes 10 metrics that evaluate the institutions on a range of issues. Two of the 10 metrics are Choice metrics; one picked by the Board and one by the university boards of trustees.

The success of the Performance-based Funding Model is tied to the integrity of the data submitted by each institution. To provide assurance that the data submitted for this process is reliable, accurate, and complete, the Board of Governors developed a Data Integrity Certification process.

In his June 25, 2015, letter and instructions to each university president and board of trustees chair, then Board of Governors Chair, Mori Hosseini, announced that each university president shall execute a Data Integrity Certification affirmatively certifying the accuracy and



completeness of information provided to the Board of Governors for Performance-based Funding decision-making.

Additionally, Chair Hosseini requested each university’s board of trustees direct the university’s chief audit executive to perform an audit of the university’s processes that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors. Universities were instructed to develop and submit, for Board of Governors approval, a corrective action plan designed to correct any audit findings.

At the March 2016 Board of Governors Audit and Compliance Committee meeting, members were provided an update on the results of the Performance-based Funding Data Integrity Certification process including the certifications submitted, audits conducted, and corrective action plans. These results are summarized by university in the following table.

Performance Based Funding Data Integrity Audits, Observations, and Certifications Summary

UNIV.	CONCLUSIONS	OBSERVED ISSUES	CERTIFICATION
FAMU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions • Information Technology Access Controls 	Unmodified Certification - late data submissions
FAU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions 	Unmodified Certification
FGCU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions • Immaterial Degree Indicator Data Errors 	Unmodified Certification
FIU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Access Controls • Immaterial Admission Dates Data Errors 	Unmodified Certification
FPU	N/A	N/A	N/A
FSU	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions 	Modified Certification -late data submissions
NCF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Timeliness of Submissions 	Unmodified Certification
UCF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • No observed issues 	Unmodified Certification
UF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • No observed issues 	Unmodified Certification
UNF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Information Technology Access Controls • Policies and Procedures - Data Submissions Process 	Unmodified Certification
USF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • Policies and Procedures - Graduate Students and Postdoctorates in Science and Engineering Survey 	Unmodified Certification
UWF	<ul style="list-style-type: none"> • Controls Adequate • Basis for Certification 	<ul style="list-style-type: none"> • GPA Calculation Data Errors • Numerous Data Resubmissions 	Unmodified Certification



REGULATIONS DEVELOPMENT UPDATE

The OIGC initiated regulations development regarding audit and investigations matters in fall 2014 to help ensure a shared and common understanding about the role of the OIGC and the offices of Chief Audit Executive across the State University System. In January 2015, the scope of this work expanded to include compliance matters.

These regulation development efforts culminated in a regulations development workshop held in conjunction with the June 2016 Board of Governors meetings. Governor Levine called this workshop to elicit direct feedback and input from the university General Counsels, Chief Audit Executives, and Chief Compliance Officers.

The workshop was well attended and included spirited discussion of the draft regulations. Governor Levine provided thoughtful and measured consideration of the feedback when assessing whether any changes to the draft regulations were appropriate.

We have made revisions to the following draft regulations in preparation for presenting them to the Audit and Compliance Committee for formal notice at its September 2016 meeting.

4.001 - University System Process for Complaints of Waste, Fraud, or Financial Mismanagement

This draft regulation addresses the creation and duties of the OIGC. It includes the responsibility to address allegations of waste, fraud, or financial mismanagement in instances where a university board of trustees is either unwilling or unable to do so.

4.002 - State University System Chief Audit Executives

This draft regulation recognizes that State University System of Florida chief audit executives are a point for responsibility for activities that promote accountability, integrity, and efficiency. It addresses standards, audit and investigative practices, and other chief audit executive activities and protocols.

4.003 - State University System Compliance and Ethics Programs

This draft regulation was developed at the direction of the Board of Governors Audit and Compliance Committee and is designed to set minimum requirements for university compliance and ethics programs based upon the guidelines in the Federal Sentencing Guidelines Manual.



4.004 - Board of Governors Oversight Enforcement Authority

This draft regulation is modeled after section 1008.322, Florida Statutes. This statute relates to the Joint Legislative Auditing Committee and the Board of Governors' escalation procedures for repeat Auditor General audit findings and other university noncompliance.

FLORIDA GULF COAST UNIVERSITY REVIEW

At request of Chair Hosseini, the OIGC reviewed the Florida Gulf Coast University's (FGCU) practices for contracting with senior administrators and the Edwards Hall 3rd Floor renovations to the space now occupied by FGCU's Vice President and Chief of Staff.

Our report, issued in December 2015, concluded that while the FGCU employment contracting practices complied with pertinent regulations, they raised an important question about how Board of Governors' delegated authority should be shared. At issue was the division of delegated responsibilities between a university president and his or her board of trustees.

With regard to Edwards Hall renovations, we concluded that the university's remodeling efforts generally conformed with applicable regulations and policies for the approval, procurement, and payment of the Edwards Hall 3rd floor renovations. We also observed the space to be functional, and consistent with other office space throughout Edwards Hall in size, design, furnishings, fixtures, and amenities.

UNIVERSITY CORRECTIVE ACTION PLAN FOLLOW-UP

The Board of Governors began monitoring 30 high-level corrective actions for a state university based upon findings contained in various audit and investigative reports. Collectively, these reports raised issues of operational control and governance at the university.

The remaining item of corrective action related to the Intercollegiate Athletics Cash Deficit. In October 2014, the Audit and Compliance Committee directed follow-up on this item as well as two additional items related to the university president's efforts to establish a permanent and stable leadership team and two facilities investigations.

At the June 2016 Audit and Compliance Committee meeting, the OIGC provided an update on each of these items and the committee approved additional follow-up on two remaining items related to the Intercollegiate



Athletics Cash Deficit and the president’s efforts to establish a permanent and stable leadership team.

OTHER OIGC AUDIT ACTIVITIES

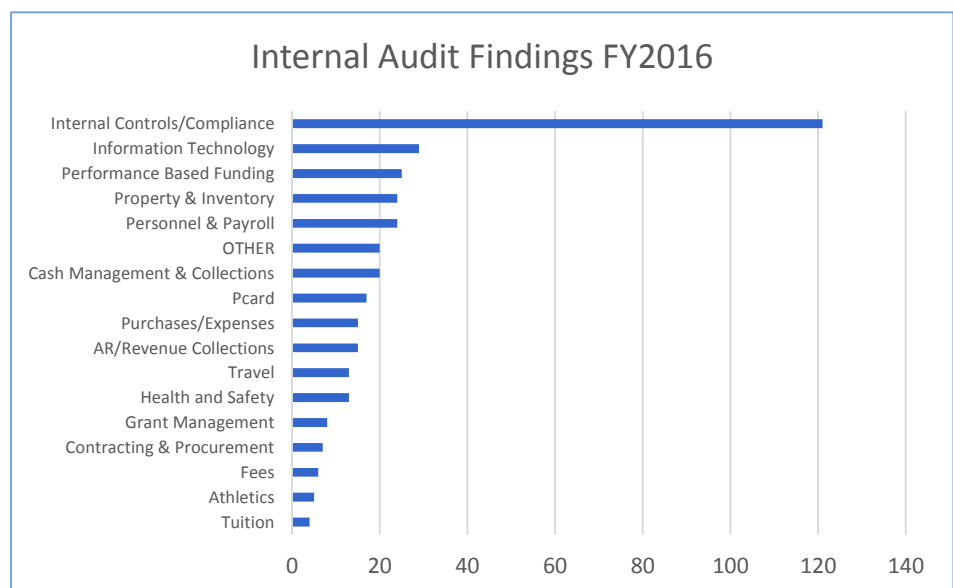
Legislative Budget Request - Schedule IX

The OIGC prepares Schedule IX of the Board Office’s Legislative Budget Request entitled *Major Audit Findings and Recommendations*. Schedule IX is designed to inform decision makers by summarizing major findings and recommendations from Auditor General and OIGC audit reports issued during the current and previous fiscal years. There were no major findings or recommendations to report in Schedule IX for this period.

CAERS Application Update

On July 1, 2015, the OIGC partnered with our Office of Information Resources to deploy the Chief Audit Executives Reports System (CAERS), which provides an easy-to-use and flexible tool for university chief audit executives to upload and submit internal audit reports (and other documents) to the OIGC, in accordance with Board of Governors Regulation 1.001.

Since the implementation of CAERS, the OIGC has received and logged 77 internal audit reports from the state’s 12 public universities. These internal audits included 366 total findings, categorized as follows:





TRUSTEE SUMMIT AND BREAKOUT SESSION

The OIGC participated in the November 2015 Trustee Orientation and Summit. The Summit included breakout sessions including an audit-related session proctored by University of Florida's Chief Audit Executive, Brian Mikell, Florida International University's Chief Audit Executive, Allen Vann, and the Board of Governors Inspector General.



The Inspector General also participated in the Trustee Orientation Session and emphasized the role of the Board of Governors AACC and the OIGC. Topics covered included:

- Florida higher education governance;
- University risks;
- BOT Powers and Duties;
- Association of Governing Board's basic responsibilities;
- Fiduciary duties and principles; and
- Key Florida laws including the Government-in-the-Sunshine Law (Chapter 286, Florida Statutes), the Public Records Law (Chapter 119, Florida Statutes), and the Code of Ethics for Public Officers and Employees (Chapter 112, Part II, Florida Statutes).



OIGC RISK ASSESSMENT AND WORK PLAN

Section 20.055, Florida Statutes, specifies that the Inspector General develop long-term and annual audit plans based on the findings of periodic risk assessments, and that the plan contain audits to be conducted during each year and related resources to be devoted to the respective audits. By statute, the plan is submitted to the Committee, the Board, and the Chancellor for approval, and a copy of the approved plan is submitted to the Auditor General.

This fiscal year, the OIGC initiated a risk assessment that included each of the organizational units that comprise the Board Office, and a review of Board regulations, the Florida Constitution, applicable statutes, financial records, internal operational manuals, handbooks, organizational charts, and various reports including prior audit reports and other available data.

The Committee approved and the Board ratified *The Office of the Inspector General and Director of Compliance Work Plan 2016-2017* at the June 2016 Board meeting. The plan contains six audit projects and other projects designed to enhance OIGC operations.

Annual Work Plan - FY 2016-2017	
Project Title	Status
AUDIT ACTIVITIES - ASSURANCE AND CONSULTING	
Information Resource Management - Information Technology Governance	Not Begun
State University System of Florida Board of Governors Foundation	Not Begun
Performance Based Funding Model - University Data Integrity	Initiated
Board of Governors Regulations - Benchmarking	Not Begun
Board Office Operational Audit Follow-up	Not Begun
FAMU Corrective Action Plan Follow-up	Ongoing
INVESTIGATIVE ACTIVITIES	
Complaint Intake and Triage	Ongoing
Preliminary Inquiries	Ongoing
Investigations	None Initiated
COMPLIANCE ACTIVITIES	
Board Office Compliance Program Development	Initiated
Board of Governors Regulations - Compliance	Not Begun
Non-profits Audit Report Submissions and Compliance	Not Begun
OIGC OPERATIONAL ACTIVITIES	
Risk Assessment and Audit Plan - 2017-2018	Not Begun
OIGC Annual Report - 2015-2016	Not Begun
Regulation Development - Fraud and Independent Audit Coverage	Initiated
Chief Audit Executive - Investigative Standards/Guidelines	Initiated
Data Request System for Collection of SUS External Audit Reports	Initiated
Board of Trustees Orientation and Summit	Ongoing
Committee and Board Meeting Preparations	Ongoing



INVESTIGATIVE ACTIVITIES

In accordance with Section 20.055, Florida Statutes, the OIGC is 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.

The OIGC receives complaints from various sources. 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 an investigation.

In addition, Board policy requires the Inspector General to review and approve Pre-Employment Background Screenings of board staff. This past fiscal year, the OIGC reviewed and approved the background screenings for 14 new Board Office staff members.

PRELIMINARY INQUIRIES

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 reports the results of the preliminary inquiry to the Audit Committee Chair and Chancellor (as appropriate), and recommends appropriate action in cases of credible allegations.

The Audit Committee Chair considers 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 authority to the Audit Committee 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 Audit Committee will consider the matter at its next meeting.

The following section summarizes the most significant investigative activities the OIGC handled during this reporting period.

MATTERS, COMPLAINTS, AND REQUESTS RECEIVED

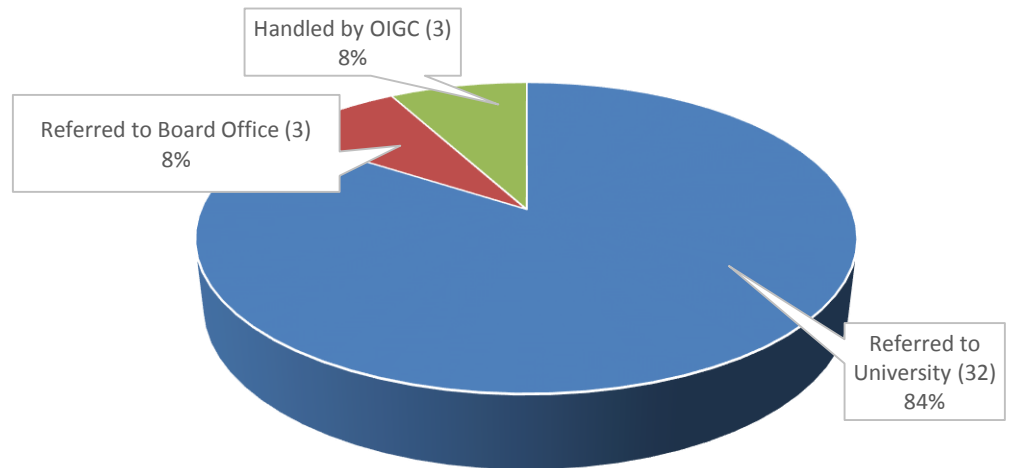
During the past year, the OIGC received a variety of matters, complaints, and other requests for assistance from current or prospective students, parents, university faculty and staff, and the public. The OIGC categorized, indexed, and assigned a case number to these items for tracking and follow-up purposes.

This reporting period, OIGC staff received and reviewed a total of 43 matters, complaints, or other requests. Of those, the OIGC closed 38 in the following ways:

- Referred 32 to the appropriate university for handling;
- Referred 3 to a department within the Board Office for handling; and
- Handled 3 within the OIGC.

The following chart and table depict the above activity:

Closed Matters, Complaints, and Other Requests





Category of Activity	Total
Referred to university (CAE, BOT, General Counsel or Police Department) on the following matters: <ol style="list-style-type: none"> 1. Personnel (4) 2. Student Complaints (8) 3. Public Records Issues (3) 4. Management Issues (7) 5. Employee Misconduct (6) 6. Client Complaint (2) 7. Conflict of Interest (1) 8. University Fees (1) 	32
Referred to a department within the Board Office on the following matters: <ol style="list-style-type: none"> 1. Financial Aid (2) 2. General Inquiry (1) 	3
OIGC Handled the following matters: <ol style="list-style-type: none"> 1. Private University Complaints (2) 2. Discrimination (Florida College System) (1) 	3
TOTAL	38

In addition to the items described above, the OIGC maintained a correspondence log for other types of items that did not require formal action. For this reporting period, the OIGC recorded eight items in the correspondence log, which included one (1) phone call, four (4) e-mails, and three (3) internal Board of Governors' staff consultations. Each of these correspondences were addressed and referred as appropriate.

COMPLAINTS DISPOSITION

During the 2014-2015 Fiscal Year, the OIGC conducted an internal quality assessment review of complaints received between 2009 and August 2014. Seventy-five complaints were reviewed, resulting in 61 closures. During the 2015-2016 Fiscal Year, the OIGC conducted follow-up activity on the remaining 14 files, resulting in nine (9) closures. Five (5) files remain open, pending review and resolution.



INVESTIGATIVE PROCEDURES

This year, the Office of Inspector General has provided guidance on investigative procedures to a number of Universities including Florida A&M University, New College of Florida, University of Central Florida, Florida Gulf Coast University, and Florida International University. When prompted with questions regarding investigative policies, the OIGC provided Board Office policies and procedures. These procedures have been developed to help ensure compliance with the *Commission for Florida Law Enforcement Accreditation, Inc., The Florida Inspectors General Standards Manual* Edition 1.0.09 revised in October 2014. These procedures also help ensure compliance with the *Principles and Standards for Offices of Inspectors General, Quality Standards for Investigations* published by the Association of Inspectors General and those being established for the State University System of Florida.

In addition, the OIGC provided external assistance to the chief audit executives by providing information on the following:

- Employee cooperation with investigations;
- Criminal verses administrative investigations (“Garrity” issues and Workplace Searches);
- Interaction with university and local police during investigations of suspected criminal activity; and
- Legislative updates and bill analyses on legislation that could affect the universities.

WHISTLE-BLOWER ACTIVITY

The “Whistle-blower’s Act,” Sections 112.3187-112.31895, F.S., plays a critical role in ensuring accountability. The statute prohibits adverse personnel action for certain individuals reporting information.



In fulfilling responsibilities to receive complaints and coordinate all activities as required by the “Whistle-blower’s Act” for the Board Office, the OIGC assesses every complaint received to determine if provisions of the “Whistle-blower’s Act” might apply. This year, the OIGC did not receive any complaints that qualified for handling under the provisions of the “Whistle-blower’s Act.”

In accordance with Section 112.3189(1), F.S., each university’s Board of Trustees is responsible for designating an individual whom, for purposes of Sections 112.3189 and 112.3187(5), F.S., shall be deemed an agency



inspector general. Therefore, the state universities, and not the OIGC, receive complaints and coordinate all activities as required by the “Whistle-blower’s Act” for their respective university.

COMPLIANCE ACTIVITIES

In fulfilling its compliance responsibilities for this reporting period, the OIGC performed the following functions:

SYSTEM FINANCIAL AND OPERATIONAL AUDIT REPORTS

As required by law, the Auditor General conducts annual financial audits for each system university, and operational audits at least every three years [Section 11.45(2)f., Florida Statutes]. The OIGC receives final reports of all Auditor General audits of the State University System. Any findings common across the university reports are tracked and discussed with the appropriate interested parties for follow-up or to request additional information.

In accordance with Section 1008.322, Florida Statutes, the Board of Governors shall oversee the performance of state university boards of trustees in the enforcement of laws, rules, and regulations. This includes OIGC follow-up and liaison responsibilities regarding audit follow-up for findings repeated for three years without a satisfactory corrective action plan. The OIGC has drafted a corresponding regulation to implement this statute and expects to present it to the Audit and Compliance Committee for formal notice at its September meeting.

SYSTEM INTERNAL AUDIT REPORTS

In September 2010, Board Regulation 1.001, University Board of Trustees Powers and Duties, was amended to require that all state universities submit to the OIGC their final internal audit reports [Board Regulation 1.001(6)(g)].

The OIGC logs and tracks the number and name of the audit reports received and audit topics covered by each university. OIGC staff monitors reports to identify any trends and confirm with a given university that it is addressing any adverse trends.



STATE UNIVERSITY SYSTEM OF FLORIDA COMPLIANCE AND ETHICS CONSORTIUM

The State University System of Florida Compliance and Ethics Consortium was formed in June 2013. The Inspector General represents the Board of Governors on the State University System of Florida Compliance and Ethics Consortium, which is composed of compliance directors and representatives from each of the System universities. Their mission is to provide an avenue for System institutions to discuss the development and improvement of compliance and ethics programs, new federal and state regulations, best practices, and issues they may be facing. Additionally, the Consortium provides an opportunity for System institutions without a formal compliance and ethics program to appoint a representative to participate in these activities. The Consortium met four times this year:

August 12, 2015 - During this conference call, the Consortium approved a motion that Chair Rhonda Bishop continue in her position for the next year. A brief overview of the updated draft BOG Regulations 4.001, 4.002, 4.003, and 4.004 ensued. The group also discussed compliance plans and agreed that peer reviews would be beneficial to enhance compliance programs.

September 11, 2015 - The group discussed the December 2015 in-person meeting hosted by UCF during this conference call. Inspector General Maleszewski also outlined the BOG regulations drafts. An overview of the planned activities for national Compliance and Ethics week followed.

December 3, 2015 - During this face-to-face meeting at UCF, Matt Packard, Compliance Officer at UWF, presented the UWF compliance database and gave an overview of its creation, the information collected, and how the database will be used to support compliance efforts. Karyn Boston, Chief Compliance Officer at FIU, gave a presentation on the benchmarking assessment results. Open discussions continued throughout the meeting including topics on employment of relatives and nepotism, response to international incidents, training before leaving on international travel, and insurance plans.

March 22, 2016 - During this conference call, Inspector General Maleszewski provided an update on the draft BOG regulations. A discussion on policies and procedures for background checks on employees and volunteers at camps followed. Also discussed was concerns surrounding tracking and monitoring minors on campuses, and which department should have oversight over this action.



OFFICE ACTIVITIES

BOARD OF TRUSTEES ORIENTATION AND SUMMIT

One of the outcomes of the March 2015 Audit Committees Workshop was greater involvement of the OIGC in the Board Office’s Board of Trustees Orientation and Summit preparations. The OIGC assisted other Board Office staff in enhancing the orientation materials to address Florida’s higher education governance structure and emphasize trustees’ obligation to abide by Florida laws, board regulations, and the Association of Governing Board’s fiduciary principles and duties.

OIGC NEWSLETTER

OIGC Newsletters are prepared and disseminated on a quarterly basis. The Newsletter is designed to supplement Board of Governors meetings and briefings to keep the Audit and Compliance Committee informed regarding OIGC activities and updates.



Copies of OIGC News are available at:

<http://www.flbog.edu/about/cod/igoffice.php>



STATE UNIVERSITY AUDIT COUNCIL MEETINGS

The Inspector General represents the Board of Governors on the State University Audit Council (SUAC), which is composed of the chief audit executive from each of the System universities. This fiscal year, SUAC met three times:

October 13-14, 2015, Ft. Myers

Topics including:

- Board Office PBF Data Integrity Audit – progress of projects
- IT Risk Assessment/Cybersecurity Audit – Governor Levine’s Requests and Challenges
- November Trustee Summit/Orientation
- Board Office Regulation Drafts and Notice
- Chief Audit Executive Reports System (CAERS) update for submitting audit reports

May 11-12, 2016, Miami

Topics including:

- Performance-based Funding Data Integrity Audits and Certifications
- Regulations Drafts and Investigative Standards Status
- OIGC Distribution of Complaints to CAE and CCO
- Communications Improvement Proposal
- Legislative Update
- Matrix of SUS Internal Audit Reports
- Chief Audit Executives Report System for submitting audit reports
- Cybersecurity Risk Assessment



June 22, 2016, Orlando

- Regulations Drafts and Investigative Standards Status



LEGISLATIVE BILL ANALYSIS

The OIGC provided staff analysis on bills potentially affecting offices of inspectors general and university chief audit executives. The topics of various bill analyses included:

- Public Records and Information Technology Exemptions;
- Performance-based Funding Model;
- Government Accountability; and
- Public Employees' Whistleblower Act.



STAFF

Joseph K. (Joe) Maleszewski, MBA, CIG, CIGI, CIGA, CIA, CGAP, CISA, CCEP

Inspector General and Director of Compliance, State University System of Florida Board of Governors

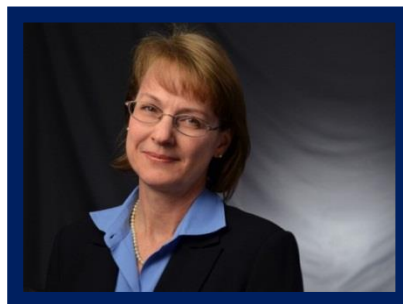


Mr. Maleszewski joined the Board of Governors' Senior Staff in September 2013. He received an MBA degree from the Florida State University School of Business and holds the following professional certifications:

- Certified Inspector General (CIG),
- Certified Inspector General Investigator (CIGI),
- Certified Inspector General Auditor (CIGA),
- Certified Internal Auditor (CIA),
- Certified Government Auditing Professional (CGAP),
- Certified Information Systems Auditor (CISA), and
- Certified Compliance and Ethics Professional (CCEP).

Mr. Maleszewski has over 25 years of service in state government, serving primarily in Offices of Inspector General at four State agencies.² He also served as State-wide Computer Security Administrator for the Florida Department of Transportation. He previously served as Inspector General for the Department of Economic Opportunity after serving as the Department of Transportation's Director of Audit for over seven years.

Lori Clark, CIGA, CCEP, CGAP Compliance Analyst



Ms. Clark became a member of the OIGC staff in August 2008, after serving two years as an educational policy analyst in the board's Academic and Student Affairs department. She is a graduate of Florida State University with bachelor's and master's degrees in French Language and Literature. Ms. Clark holds the following

² Department of Agriculture and Consumer Services, Department of Transportation, Department of State and Department of Economic Opportunity



professional certifications:

- Certified Inspector General Auditor (CIGA),
- Certified Compliance and Ethics Professional (CCEP), and
- Certified Government Auditing Professional (CGAP).

Ms. Clark has over 20 years of experience in postsecondary education, including teaching, student services administration, and program implementation.

In addition to receiving professional development and on-the-job training in the area of compliance, Ms. Clark continues to obtain audit and investigative training with an emphasis on the former.

Rebekah Weeks, CIGI Investigations and Audit Specialist

Ms. Weeks joined the OIGC staff in October 2015. She came to us from the Executive Office of the Governor, Office of the Chief Inspector General where she has been employed since 2012 – first as the Whistleblower Coordinator and then as an Inspector Specialist. Ms. Weeks 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).

Christine Gonzalez Student Assistant

Ms. Gonzalez began working with the OIGC in April 2016. She is now a senior at Florida State University, pursuing a bachelor’s degree in Accounting, with hopes of completing the Master of Accounting (MAcc) program in May 2018. Ms. Gonzalez is also active in her business fraternity Beta Alpha Psi, and enjoys being part of Young Life College Tallahassee.



PROFESSIONAL DEVELOPMENT AND ASSOCIATIONS

OIGC staff develop and maintain their professional knowledge, skills, and abilities through a number of methods. The following section summarizes OIGC's professional certifications and affiliations, training accomplishments, and service to the profession.

PROFESSIONAL CERTIFICATIONS:

Expertise within the OIGC covers a variety of disciplines. Employees are technically qualified in auditing, financial matters, investigations, fraud, compliance, and information technology. Staff members continually seek to augment their credentials, further enhancing their abilities and contributions to the OIGC, the Board Office, and the System. The accomplishments of staff members obtaining certifications represent significant time and effort.

PROFESSIONAL DEVELOPMENT:



During this fiscal year, Rebekah Weeks, Investigations and Audit Specialist, obtained the professional designation of Certified Inspector General Investigator (CIGI) from the Association of Inspectors General. Ms. Clark also obtained professional certification as a Certified Government Auditing Professional (CGAP) from the Institute of Internal Auditors.

Mr. Maleszewski obtained the professional designation of Certified Inspector General Auditor (CIGA) from the Association of Inspectors General.



PROFESSIONAL AFFILIATIONS

OIGC staff members participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. These associations allow OIGC staff members to maintain currency, establish and advance professional networks, and participate in professional community activities. The Inspector General serves in active leadership roles in a number of these associations. The OIGC staff professional affiliations include:

- Association of Inspectors General (National and State Chapter)
- Institute of Internal Auditors (National and Tallahassee Chapter)
- ISACA (National and Tallahassee Chapter)
- Association of Government Accountants
- Association of Certified Fraud Examiners
- Florida Audit Forum
- Society for Corporate Compliance and Ethics
- Association of College and University Auditors
- Florida Government Finance Officers Association





TRAINING ACCOMPLISHMENTS

Section 20.055, Florida Statutes, requires offices of inspector general to conduct audits and investigations in accordance with professional standards. These standards have specific training requirements:

- The Association of Inspectors General specifies that each staff person who performs investigations, audits, evaluations, or reviews should receive at least 40 hours of continuing professional education every two years that directly enhances the person's professional proficiency.
- The *International Standards for the Professional Practice of Internal Auditing* and *Government Auditing Standards* require internal audit staff to maintain their professional proficiency through continuing education and training.
- The *Government Auditing Standards* require each auditor to receive at least 80 hours of continuing education every two years.

To ensure staff members are prepared to meet the OIGC mission, we utilize training resources from various professional organizations and associations, agencies, and individuals to fulfill training needs. Training opportunities include luncheons, webinars, and conferences.

This past fiscal year, our three professional staff members averaged over 320 hours of continuing professional development, and obtained three (3) professional certifications.



TRAINING

AIG Advanced Report Writing - October 1-2, 2015 - This conference covered techniques for writing advanced reports, including how to research, structure, and deliver complex business reports.

IIA Internal Audit Management Leadership - November 19-20, 2015 - The materials presented were customized to address the needs of audit leaders, and included characteristics of effective audit functions.

AGA Annual Conference - February 11-12, 2016 - The conference featured an array of continuing education sessions with qualified presenters, offering opportunities to improve your financial management and auditing skills.

AIG 2016 CIGI Institute - March 21-25, 2016 - IG professionals from across the country gathered to earn the Association's Certified Inspector General (CIG), Certified Inspector General Auditor (CIGA), or Certified General Inspector Investigator (CIGI) credential. Ms. Weeks earned her CIGI certification during the Institute.

CCB & SCCE Higher Education Compliance Conference - June 5-8, 2016 - This training helped participants learn how to increase the effectiveness of their institution's compliance program, discuss emerging risks and issues with their colleagues, and share best practices.

AIG CIGA Institute - July 20-24, 2016 - IG professionals from across the country gathered to earn the Association's Certified Inspector General (CIG), Certified Inspector General Auditor (CIGA), or Certified General Inspector Investigator (CIGI) credential. Mr. Maleszewski earned his CIGA certification during the Institute.



CONTACT INFORMATION AND RESOURCES

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Board of Governors
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BOGInspectorGeneral@flbog.edu

RESOURCES

OIGC Web Page, which includes links to the *Audit and Compliance Committee Charter* and *Office of the Inspector General and Director of Compliance Charter*

<http://www.flbog.edu/about/cod/igoffice.php>

Association of Colleges and Universities Auditors

www.acua.org

Association of Inspectors General

<http://inspectorsgeneral.org/>

Florida Inspectors General

<http://www.floridaoig.com/>

Institute of Internal Auditors

<http://www.theiia.org/>

Board of Governors Regulations

<http://www.flbog.edu/about/regulations/>



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