

Office of Inspector General
and Director of Compliance

Annual Report
2017-2018



STATE
UNIVERSITY
SYSTEM
of FLORIDA

Board of Governors



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INTRODUCTION

In compliance with Florida's Inspectors 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 2017-2018 fiscal year. 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, objectivity, and its Board office- and System-related responsibilities.

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. This dual reporting relationship promotes 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. 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 Board office complaints filed pursuant to the Florida Whistle-blower's Act [Sections 112.3187-112.31895, Florida Statutes].

If the Board, based upon the recommendation by the AACC, 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, and Board Regulation 4.001].

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 four main areas of responsibility are audits, investigations, compliance, and AACC support.

1. Audits

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 reports of his findings. 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.

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 consulting with management regarding programs, operations, initiatives, rules, and regulations.

¹ Previously known as the Information Systems Audit and Control Association, ISACA is now known by its acronym only, to reflect the broad range of Information Technology governance professionals it serves.

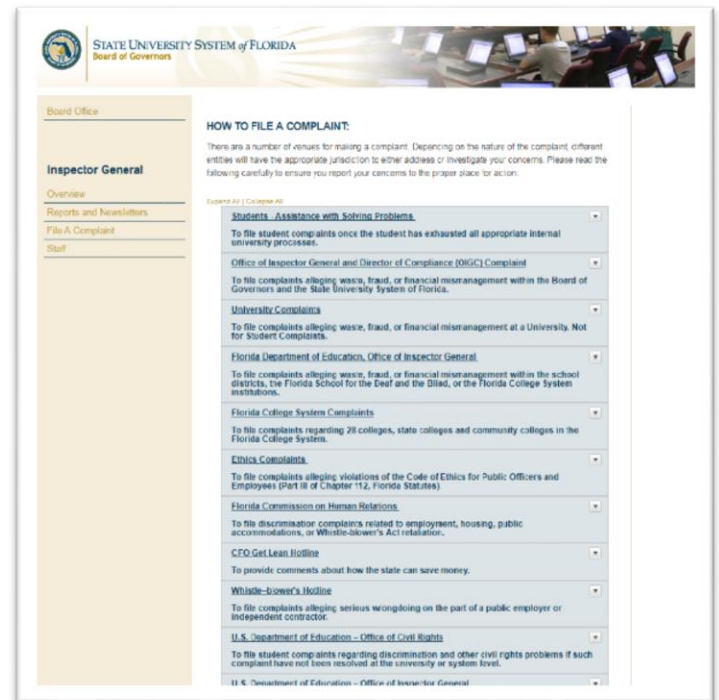


The inspector general represents the Board on the State University Audit Council (SUAC), composed of System universities' chief audit executives. SUAC meets biannually in person to address common issues and share best practices.

2. 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 responsibility to investigate waste, fraud, or financial mismanagement within System universities.

The OIGC maintains 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 "File a Complaint" link or through the OIGC webpage.



<http://www.flbog.edu/board/office/ig/complaint.php>

3. Compliance

The OIGC is responsible for promoting and supporting a culture of compliance, risk management, and accountability. 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.

The inspector general represents the Board on the State University System 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 AACC, which meets face-to-face or by conference call at least four times per year. Activities in support of the AACC routinely include:

- a. Holding one-on-one briefings with Board members prior to Board meetings to discuss agenda topics.
- b. Preparing meeting materials and making presentations to the AACC for face-to-face meetings or conference calls.
- c. Communicating by phone and email with the AACC chair for guidance in handling concerns under the committee's purview.
- d. Assisting AACC members in staying abreast of applicable regulations and statutes.



AUDIT ACTIVITIES

During the 2017-2018 fiscal year, the OIGC engaged in the following internal audit-related activities:

- System Performance-based Funding Data Integrity Audits and Certifications;
- FAMU Intercollegiate Athletics Cash Deficit Follow-Up;
- OIGC and AACC Charter Documents Update;
- OIGC Audit Follow-up Activities;
- OIGC Risk Assessment and Work Plan;
- OIGC Quality Assurance And Improvement Program;
- Other OIGC Audit Activities;
 - CAERS Revisions and CERS Development;
 - Enterprise Risk Management;
 - International Internal Auditing Awareness Month, May 2018;
- State University Audit Council; and
- State University Information Technology Auditors Group.

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

SYSTEM PERFORMANCE-BASED FUNDING DATA INTEGRITY AUDITS AND CERTIFICATIONS

Over the past few years, Florida has joined a number of states who are moving away from funding that incentivizes student access 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 universities to help students successfully complete degree programs. The model has four guiding principles:

1. Use metrics that align with System strategic plan goals;
2. Reward excellence or improvement;
3. Have a few clear, simple metrics; and
4. Acknowledge the unique mission of each university.

Key components of the Performance-based Funding Model include:

- Universities 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 institutions on a range of issues. Two of the 10 metrics are choice metrics: one picked by the Board and one by the university's board 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 developed a data integrity certification process.

In his June 30, 2017, letter and instructions to each university president and board of trustees chair, then Board of Governors chair, Tom Kuntz, announced that each university president shall execute a data integrity certification affirmatively certifying the accuracy and completeness of information provided to the Board for Performance-based Funding decision-making.

Additionally, Chair Kuntz requested each university's board of trustees direct their 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.

At the March 2018 Board of Governors AACC meeting, members were provided an update on the results of the Performance-based Funding Data Integrity Certification process, which included the certifications submitted, audits conducted, and corrective action plans. These results are summarized by university in the following table.



Performance Based Funding Data Integrity Summary, Year 5

UNIV.	CONCLUSIONS	OBSERVED ISSUES	ACTION PLAN	CERTIFICATION
FAMU	<ul style="list-style-type: none"> Controls Need Improvement Basis for Certification 	Four issues related to user access privileges and reviews (repeat), separation of duties (repeat), degree audit (repeat), and academic advisement module updates.	Completion Date: April - June 2018	Modified Certification - IT access and separation of duties
FAU	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	No adverse findings	N/A	Unmodified Certification
FGCU	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	Two issues related to timeliness of submissions, and department-level data entry correction made.	N/A	Modified Certification - late data submission and student coding correction (No significant impact.)
FIU	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	No adverse findings	N/A	Unmodified Certification
FL Poly	N/A	N/A	N/A	N/A
FSU	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	No adverse findings	N/A	Unmodified Certification
NCF	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	No adverse findings	N/A	Unmodified Certification
UCF	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	Six issues related to logic error in student residency for tuition purposes and courses to degree table, data entry error for transfer credits, timeliness of submissions, and user access controls.	Completed December 2017	Modified Certification - logic and data entry errors, late submission, and user access controls (No significant impact.)
UF	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	No adverse findings	N/A	Unmodified Certification
UNF	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	Four issues related to governance documents (repeat), procedures (repeat), user access reviews, and audit logs.	Completion Date: January 2020	Unmodified Certification
USF	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	Two issues related to user access, authorizations, and tracking for Hours to Degree and Courses to Degree populations (repeat), and Transfer Articulation.	Completion Date: April - July 2018	Unmodified Certification
UWF	<ul style="list-style-type: none"> Controls Adequate Basis for Certification 	Two issues related to formalizing, in writing, the Institutional Data Administrator, and developing standard business continuity plan template.	Completion Date: March 30, 2018	Unmodified Certification

FAMU INTERCOLLEGIATE ATHLETICS CASH DEFICIT FOLLOW-UP

Since January 2013, the Board has been monitoring Florida A&M University’s (FAMU) corrective actions regarding a number of issues identified in various audit and investigative reports. The goal of this monitoring was to establish an accountability relationship between our Board and the university’s administration and Board of Trustees. The athletics cash deficit is the last of these issues.

FAMU has an athletics cash deficit that has grown over the last decade to nearly \$8 million. Such a deficit is contrary to Board Regulation 9.013, *Auxiliary Operations*, which states, “Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity.” This issue has been cited in three Auditor General Operational audits, triggering legislative oversight. On January 16, 2018, the Joint Legislative Auditing Committee (JLAC) requested information on the status of corrective actions taken in regard to the FAMU Intercollegiate Athletics Cash Deficit and another persistent audit finding related to textbook affordability.

FAMU’s Board of Trustees chair, Kelvin Lawson, provided a response to JLAC on March 12, 2018. This response highlighted corrective actions taken to date



and emphasized the plan to balance the annual budget and eliminate the cumulative cash deficit over a 12-year period.

Since the FAMU athletics cash deficit has been the subject of several adverse Auditor General audit findings, Chair Lawson, President Larry Robinson, the athletics director, and the chief financial officer routinely provide monthly briefings on this topic to IG Maleszewski and Board of Governors AACC chair, Wendy Link.

In December 2017, FAMU's Board of Trustees Chair Lawson notified IG Maleszewski that FAMU had identified unbudgeted expenses for the intercollegiate athletics program that could impact their ongoing efforts to balance the athletics budget and repay university auxiliary funds (e.g., parking and bookstore) over a 12-year period.

To address the unbudgeted expenses, FAMU increased revenue efforts and projects related to fees, advertising sales, and the *Investing in Champions* program. To prevent incurring future unbudgeted expenses, FAMU adopted a number of strategies including:

- Providing procurement and controls training for athletics administrative, fiscal, and coaching staff;
- Requiring budget officer approval for all expenditure requests;
- Holding employees accountable for all unauthorized expenditures initiated outside of prescribed processes;
- Requiring pre-approval of P-card purchases (by the athletic director and/or the deputy athletic director and the university's budget officer);
- Revoking P-card privileges and/or requiring reimbursement of expended funds to the university for violations of P-card policies and procedures; and
- Hiring an athletics budget staff member and an individual responsible for advertising sales (among other items such as marketing and sponsorships) within existing resources.

OIGC AND AACC CHARTER UPDATES

We periodically evaluate and consider revisions to the OIGC office charter and the AACC charter to ensure they are up-to-date and in accordance with applicable professional standards, statutes, rules, and regulations. Based upon a review conducted in fall 2017, minor revisions were made to both charter documents. These revisions did not reflect any change to the scope or role of either the AACC or the OIGC, but were made to better reflect Board regulations, updated professional standards, and add clarity.

We presented the revised charters at the January 25, 2018, AACC meeting for discussion and approval consideration. The AACC and the Board unanimously



approved both documents. The updated charter documents are available on our website at: <http://www.flbog.edu/board/office/ig/index.php>

OIGC AUDIT FOLLOW-UP ACTIVITIES

The OIGC performs periodic follow-up on prior audits. This past year, we performed follow-up on the following projects:

1. **Telecommuting Audit (OIGC Project No. 17-009)** - The remaining item of corrective action related to this project was the development and delivery of supervisory training to Board office supervisors. IG Maleszewski attended the May 22, 2018, supervisory training session provided by Abbie Martin, Assistant Director of Human Resources and Administration. As a result, we are closing our file on this project.
2. **Board Office Performance-based Funding Processes and Controls (OIGC Project No. 15-017)** - The OIGC has scheduled follow-up on this project every six months since the release of the audit report in December 2015. The recommendations related to the budget area have all been completed. The chancellor reorganized the data and information technology office functions into the Information Technology and Security unit and the Office of Data Analytics. As a result, remaining corrective actions largely fall to the Office of Data Analytics. The most pressing issue of corrective action relates to needed updates to the Data Dictionary. At our June 15, 2018, follow-up meeting, much discussion ensued about the best approach to this long-term corrective action. We further discussed corrective actions related to staffing, cross-training, development of a document management system, the data committee, data marts, and green sheets. We will meet again in six months for an update on the outstanding items.
3. **Auditor General's Operational Audit of the Board of Governors Office (OIGC Project No. 16-001 and AG Operational Audit Report No. 2017-048)** - This audit found that the Board needs to enhance regulations to help state universities establish uniform standards that conform to statutory requirements. A similar finding was noted in the Auditor General's Report No. 2013-024. The regulatory areas identified by the Auditor General included:
 - Remuneration of Presidents and Administrative Employees;
 - Sponsored Research;
 - Anti-hazing Policies;
 - Student Code of Conduct; and
 - Purchasing Practices.

The OIGC has scheduled follow-up on this project every six months since the release of the audit report in November 2016. The two most recent audit follow-up meetings were held on May 8, 2018, during the



chancellor's executive staff meeting and on June 15, 2018. The chancellor and senior staff members continue to assess corrective actions related to the Auditor General's recommendations and have made significant progress in the development of related regulations and control practices.

OIGC RISK ASSESSMENT AND WORK PLAN

Section 20.055, Florida Statutes, requires the inspector general to 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 needed for these audits. In accordance with statutory requirements and professional standards, the plan is submitted to the AACC, the Board, and the chancellor for approval. A copy of the approved plan is also submitted to the Auditor General.

In the spring 2018, the OIGC implemented a risk assessment survey that was sent to all Board staff. In addition to reviewing and summarizing the survey results, OIGC staff considered management controls; communications; staffing and resources; data systems and information; reporting; degree of change; performance measures; fraud, waste, and abuse; and general risks.

The AACC approved and the Board ratified *The Office of the Inspector General and Director of Compliance Work Plan 2018-2019* at its June 2018 Board meeting. The plan contains audit projects as well as other projects designed to provide the most effective coverage of Board office operations and OIGC System-related responsibilities.

To keep Board members informed, the inspector general provides a status of OIGC staff activities as listed on the work plan in the OIGC quarterly newsletters. Current and past OIGC Newsletters are accessible via the OIGC webpage (<http://www.flbog.edu/board/office/ig/reports.php>).

The OIGC 2018-2019 annual and long term work plan is provided in the table below.



Annual Work Plan - FY 2018-2019	
Project Title	Estimated Hours
AUDIT ACTIVITIES - ASSURANCE AND CONSULTING	
Board Office Data Security	300
Board Office Contract Procurement and Management	350
Board Office Travel	250
Performance-based Funding Model, University Data Integrity Coordination	150
INVESTIGATIVE ACTIVITIES	
Complaint Intake and Triage	500
Preliminary Inquiries	100
Investigations	300
Investigative Monitoring	100
COMPLIANCE ACTIVITIES	
Board Office Compliance Program Plan Development	200
Board of Governors Regulations, Compliance	200
OIGC OPERATIONAL ACTIVITIES	
Risk Assessment and Audit Plan, 2019-2020	150
OIGC Annual Report, 2017-2018	100
Audit-related Data Collection	200
Committee and Board Meeting Preparations	320
FOLLOW-UP ACTIVITIES	
Information Resource Management, IT Governance and Management	70
State University System of Florida Board of Governors Foundation	50
Board Office Operational Audit	50
FAMU Athletics Cash Deficit	80
Board Office Performance-based Funding Process and Controls	100
Rule 74-1 Compliance Assessment, IT Project Management	40
Special Request Hours (Approximately 10%)	500
Carry Forward Hours	540
Total	4,650

Additionally, the following audit topics have been scheduled as part of the OIGC's long-term work plan.

Long-Term Work Plan - FY 2018-2019	
OIGC-related Regulations Development	200
Board Office and Board of Governors Communications	300
Legislative Program Appropriations	300
Public Private Partnership	350
Compliance Review - Articulation	200
Compliance Review - Waivers	200

The OIGC work plans are subject to change based on the results of the periodic risk assessments and requests made by the Board or the chancellor to evaluate particular activities or programs.



OIGC QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The OIGC is statutorily required to follow the *International Professional Practices Framework* as published by the Institute of Internal Auditors, Inc. Standard 1300 requires that the chief audit executive develop and maintain a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the internal audit activity. The OIGC performs periodic self-assessments to meet this requirement. On May 16, 2018, the OIGC prepared a memorandum to summarize the OIGC's internal QAIP self-assessment.

The assessment was conducted using the Institute of Internal Auditors' assessment tools and the results were summarized.

In addition to our internal assessment, the external assessment was conducted by the Auditor General's office. Auditor General [Report No. 2016-063](#), *Board of Governors Office of Inspector General's Internal Audit Activity* released December 17, 2015, contained no findings.

Based upon this internal assessment and the "clean" quality assessment review by the Auditor General's office, the inspector general concluded that the quality assurance program related to the OIGC's internal audit activity was adequately designed and complied with to provide reasonable assurance of conformance 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.

Although not material to overall conformance to professional standards, the internal audit activity could benefit from additional staffing to meet its mission. An additional professional staff member could address audits of university non-profit support organizations and other backlogged work efforts.

The QAIP noted opportunities for improvement including:

- Updating OIGC policies and procedures;
- Increasing number of audits performed of Board office operations;
- Developing a more well-formed and mature Board office compliance function;
- Reviewing and reporting more timely on System audits and related information submitted to the OIGC; and
- Enhancing the audit risk universe for annual risk assessments.



OTHER OIGC AUDIT ACTIVITIES

Chief Audit Executives Reports System Revisions

In accordance with Board Regulation 4.002, university internal audit offices are required to submit certain documents to the OIGC. The Chief Audit Executives Reports System (CAERS) was launched July 1, 2015, to serve as the official repository for reports, charters, work plans, and the like for university internal audit offices in accordance with regulation 4.002. Although CAERS has been functioning well for the past three years, we recognize the need to make improvements. We have identified potential enhancements and are working with the Board office's Application Development team to implement them.

Compliance and Ethics Reports System Development

To accommodate submissions for university compliance and ethics programs in accordance with Board Regulation 4.003, OIGC staff will work with the Board office's Application Development team to create an application similar in format and function to CAERS. The Compliance and Ethics Reports System (CERS) will be accessible via the Board Application Portal. Once the changes are ready, OIGC staff and the Application Development team will co-host a training session for university staff who will need to use the application.

SUS Audits Summary for AACC

At the AACC meeting held August 31, 2017, the inspector general presented a summary of all audit coverage for System institutions. His report included a summary of the audits from the following entities:

- The Florida Auditor General's office, which conducts financial, operational, statewide federal awards, Bright Futures Program, and information technology audits of state universities and the System;
- The Office of Program Policy Analysis and Government Accountability (OPPAGA), which conducts program evaluations, research, as well as data and analysis at the direction of the Legislature;
- University chief audit executives, who conduct performance, contract, and information technology audits at each of their institutions; and
- Independent certified public accountants, who conduct financial audits of university direct support organizations, health services support organizations, faculty practice plans, self-insurance programs and captive insurance companies, as well as collegiate license plates and intercollegiate athletics programs.

The OIGC receives copies of each of these reports to review and log. Staff monitor or follow-up as needed. For more detailed information on the SUS Audits Summary, visit the August 30-31, 2017, AACC meeting materials via the Meeting Archives webpages at www.flbog.edu.



“Three-peat” Audit Findings Analysis

Pursuant to Section 11.45, Florida Statutes, the Florida Auditor General is required to notify the Joint Legislative Auditing Committee (JLAC) of any financial or operational audit report prepared by the Auditor General’s office that reflects that a state university has failed to take full corrective action in response to a recommendation included in the two preceding financial or operational audit reports. Consequently, the OIGC monitors and tracks such findings for each university.

At the August 31, 2017, AACC meeting, the inspector general provided a status of these “three-peat” findings. Eight of the 12 universities had repeat findings in three consecutive audits. As reflected in the following table, seven of the eight universities have resolved the repeat findings, and one is still in progress:

University	Topic
In Progress	
FAMU	Athletics Cash Deficit
Resolved	
FAU	Textbook Affordability
	IT Security/Access Controls
FIU	Vehicle Fuel Consumption
FSU	IT Security/Access Controls
UCF	IT Security/Access Controls
UF	IT Security/Access Controls (Disaster Recovery)
UNF	Line of Credit
USF	IT Security/Access Controls

Enterprise Risk Management

On September 1, 2017, then Board chair, Thomas Kuntz, sent a survey to each System university to collect information regarding the current status of Enterprise Risk Management (ERM) or ERM-like programs at state universities. An ERM-like approach to risk management encourages a more holistic view of risk by considering risks across the university. By adopting such an approach, leadership can focus on the risks most likely to impede the university’s achievement of its mission.

At the January 25, 2018, AACC meeting, the inspector general provided the survey results. From the survey, we learned that several of our universities are already using an ERM or ERM-like approach to risk identification and management. In addition, the survey revealed that:

- All System institutions have processes in place to manage risks;
- All institutions indicated that they communicate risks to senior management, often on an *ad hoc* or *as needed* basis;
- Half of the institutions have an enterprise-level risk inventory;



- All institutions have a board-level committee responsible for risk management;
- Half of the System's institutions have a management-level risk committee;
- One quarter of our universities have an ERM governing document; and
- Three quarters indicated that the board of trustees communicates risk appetite.

The survey further found that those System institutions using ERM practices are relatively new to the process.

In May 2018, the inspector general provided ERM resource and reference information to university presidents, chief compliance officers, and chief audit executives. This information included guidance and tools designed to provide high-level key concepts for consideration when establishing a comprehensive and effective ERM program.

We expect to keep the conversation going about the benefits of aligning university risk management practices with strategic planning and performance management. We also encourage university leadership and board of trustees members to consider to the entire risk portfolio in their risk management and oversight roles.

International Internal Auditing Awareness Month, May 2018

The Institute of Internal Auditors encourages all internal audit offices, during the month of May, to engage in activities promoting their services, duties, and responsibilities to heighten awareness of the internal auditing profession. The following two proclamations were shared with Board staff as part of the OIGC's celebration of International Internal Auditing Awareness Month.



On May 11, 2018, the OIGC shared an email with all Board staff recognizing International Internal Audit Awareness Month. This communication included sharing excerpts from the “5 Myths That Cloud Awareness About Internal Audit” by Richard Chambers, President and CEO of the Institute of Internal Auditors.

These five myths are:

1. Internal auditors are "bean counters" just like the accountants.
2. Auditors are nitpickers and fault-finders.
3. It's best not to tell the auditors anything unless they specifically ask.
4. Internal auditors follow a cycle in selecting their audit "targets" and use standard checklists so they can audit the same things the same way each time.
5. Internal audit is the corporate "police function."

STATE UNIVERSITY AUDIT COUNCIL

The inspector general represents the Board on the State University Audit Council (SUAC), which is composed of chief audit executives from each of the System universities. SUAC’s purpose is to provide an opportunity for System CAEs to share information and best practices.

SUAC typically meets in person twice annually with conference calls in between as needed.

This fiscal year, SUAC met in person in October 2017 and May 2018. A description of the agenda topics and significant events is provided below.



October 5-6, 2017 - FIU's chief audit executive, Allen Vann, then SUAC chair, convened this in-person meeting on the University of North Florida campus. During the meeting, the following topics were discussed:

- Chief audit executive updates;
- Legislative updates;
- Universities' compliance with USDOE audit requirements;
- Using and implementing electronic workpapers and other audit management tools;
- Whistle-blower Refresher Training;²
- Quality Assurance Reviews; and
- Compliance offices.

SUAC elected Sam McCall, FSU's chief audit executive, as its new chair succeeding Allen Vann, FIU's chief audit executive.



Front Row, L-Right: BOG (Rebekah Weeks), BOG (Joe Maleszewski), FSU (Sam McCall), USF (Virginia Kali), UWF (Cindy Talbert), and UNF (Julia Hann); **Second Row, L-Right:** FAU (Morley Barnett), FL Poly (David Blanton), UCF (Robert Taft), FIU (Allen Vann), and UF (Brian Mikell)

May 10-11, 2018 - FSU's chief audit executive, Sam McCall, SUAC chair, convened this in-person meeting on the campus of Florida Agricultural and Mechanical University. Discussion topics included:

- Chief audit executive updates;
- Legislative update;
- Report distribution and board communications relative to work products;
- Update on ERM and university-wide compliance and ethics officers;
- Integrating risk management observations into audit products;

² For more information regarding this training, please refer to the *Training Taken and Provided* section of this report.



- Discussion led by Jason Jones (Board of Governors chief data officer) regarding working with university data officers in the Performance-based Funding process;
- Meeting the spirit and intent of Board Regulation 4.002, reporting relationships with university presidents and boards of trustees;
- General Data Protection Regulation;
- Direct Support Organizations; and
- Expansion of programs without needed funding.

Additionally, in July 2017, Brian Mikell, UF’s chief audit executive, was elected to serve in the Association of College and University Auditors (ACUA) as a Board Member-at-Large. He assumed the role in September 2017. He joined Julia Hann, UNF’s chief audit executive, who also served ACUA as a Board Member-at-Large. In June 2018, Julia Hann was elected as the Vice-President of ACUA. It is a great honor to have our chief audit executives so well represented on the ACUA Board.

STATE UNIVERSITY INFORMATION TECHNOLOGY AUDITORS GROUP

The Information Technology Auditors Group (ITAG) has formed under the leadership of Vincent Iovino, CISA, CRISC, audit project manager information systems at FIU. ITAG meets quarterly via conference call to discuss information technology (IT) and IT security-related topics. The purpose of the group is to share best practices and risk information. Lori Clark, compliance and Audit Specialist, participates in ITAG on behalf of the OIGC.



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.

In accordance with Section 20.155, Florida Statutes, if the Board 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.

During the 2017-2018 fiscal year, the OIGC engaged in the following investigative activities:

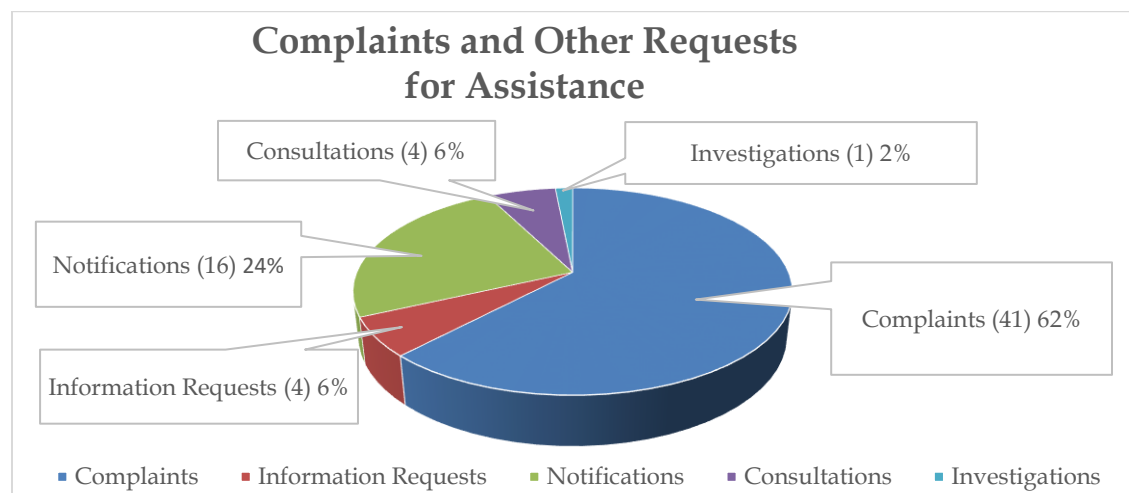
- Complaints and Requests for Assistance;
- Historical Complaints Disposition;
- Whistle-blower Activity;
- Investigation Guidance and Assistance; and
- Background Checks.

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

COMPLAINTS AND REQUESTS FOR ASSISTANCE

During the 2017-2018 fiscal year, the OIGC received, reviewed, and processed 66 new complaints and other requests for assistance from current or prospective students, parents, university faculty and staff, Board staff, and the public. The OIGC categorized, indexed, and assigned a case number to each item for tracking, disposition, and follow-up purposes.

The following chart depicts the categories of cases received:



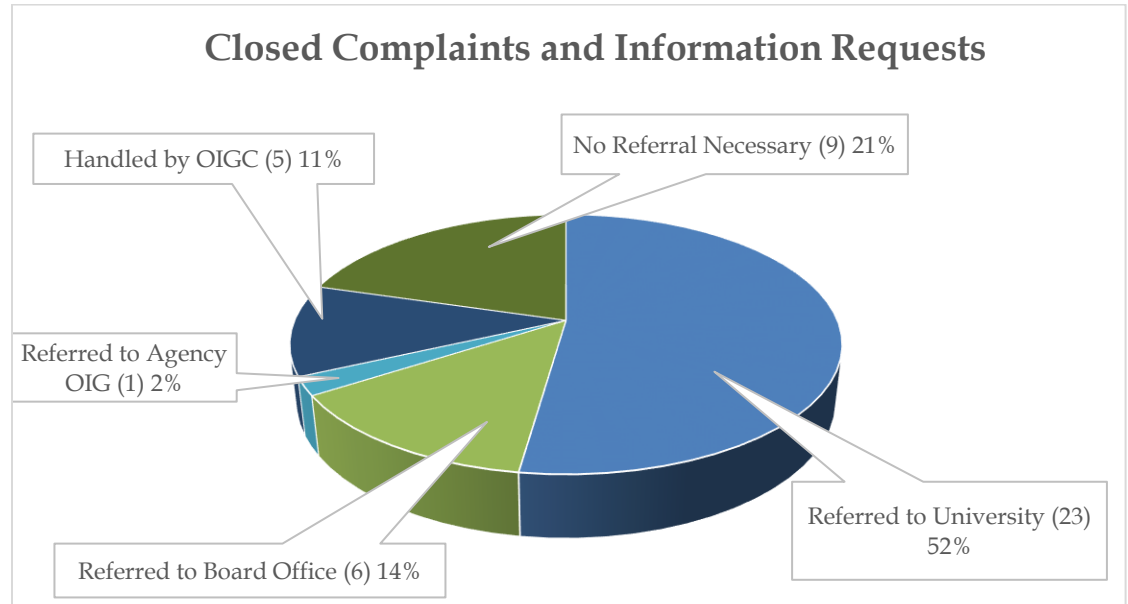


Consultations are requested by System chief audit executives and conducted for the purpose of sharing expertise on investigations and Whistle-blower matters. The informational notifications were received pursuant to Board Regulations 4.001-4.003 to keep the Board informed concerning allegations of fraud, abuses, and deficiencies in university programs and operations. Three of the consultations and 14 of the informational notifications received during the reporting period were closed.

The OIGC closed 44 of the complaints and information requests in the following ways:

- Referred 23 to the appropriate university for handling;
- Referred six to the appropriate Board office unit for handling;
- Referred one to another state agency Office of Inspector General for handling;
- Processed five within the OIGC; and
- Determined nine required no referral as they were either previously or concurrently being addressed by other appropriate entities, or were unrelated to the System.

The following chart and table depict the above closure activity:





Types of Complaint and Information Request Activity	Total
Referred to university CAE, CCO, and/or board of trustees: <ol style="list-style-type: none"> 1. Student Related <ol style="list-style-type: none"> a. Fraud, Waste, or Abuse (1) b. Health/Safety Issues (1) c. Mishandling of Case (1) d. Quality of Education (1) e. Violations of Law/Policy (4) 2. Non-student Related <ol style="list-style-type: none"> a. Employee/Contractor Misconduct (3) b. Fraud, Waste, or Abuse (3) c. Financial Misuse or Mismanagement (2) d. Health/Safety Issues (2) e. Management Issues (2) f. Violations of Law/Policy (3) 	23
Referred to appropriate Board staff: <ol style="list-style-type: none"> 1. Student Related <ol style="list-style-type: none"> a. Non-System Issue (1) b. Quality of Education (1) 2. Non-student Related <ol style="list-style-type: none"> a. Health/Safety Issue (1) b. Policy Issue (1) c. Quality of Education (1) d. Violations of Law/Policy (1) 	6
Referred to Agency Office of Inspector General (OIG) <ol style="list-style-type: none"> 1. K-12 Issue, Health/Safety (1) 	1
Handled by OIGC: <ol style="list-style-type: none"> 1. Student Related <ol style="list-style-type: none"> a. Violation of Law/Policy (1) 2. Non-student Related <ol style="list-style-type: none"> a. Mismanagement (1) b. Sexual Harassment (1) c. General Information (2) 	5
No referral needed: <ol style="list-style-type: none"> 1. Issues Already Addressed by Appropriate Entity <ol style="list-style-type: none"> a. Public Records Request (3) b. Student Complaint (3) 2. Non-system Related <ol style="list-style-type: none"> a. Federal or Local Government Issue (1) b. Private Company Issue (1) c. Florida College System or Private University (1) 	9
TOTAL	44



HISTORICAL COMPLAINTS DISPOSITION

At the beginning of the 2017-2018 fiscal year, seven cases (five complaints, one investigation, and one information request) carried over from the previous fiscal year. The OIGC conducted follow-up activities on these cases, resulting in closures for all of the files.

WHISTLE-BLOWER ACTIVITY

The Whistle-blower's Act plays a critical role in ensuring accountability. The statute prohibits adverse personnel action against current or former employees and applicants for employment who report certain information.



In fulfilling our responsibilities to receive complaints and coordinate all activities of the Board office as required by the Whistle-blower's Act, the OIGC assesses every complaint it receives to determine if the Act's provisions might apply. This year, the OIGC received one complaint from Board staff, which was assessed to determine if provisions of the Whistle-blower's Act were applicable. It was determined that the information disclosed was not the type of information described in the Act; therefore, the complaint did not meet the criteria to be designated as a Whistle-blower complaint.

In accordance with Section 112.3189(1), Florida Statutes, each university's board of trustees is responsible for designating an individual who, for purposes of Sections 112.3187(5) and 112.3189, Florida Statutes, shall be deemed an agency inspector general. Under Board Regulation 4.002, *State University System Chief Audit Executives*, each university's chief audit executive is to be the individual designated by the board of trustees to review statutory whistle-blower information and coordinate all activities of the Whistle-blower's Act. Therefore, state universities, and not the OIGC, are responsible for receiving complaints and coordinating all activities as required by the Whistle-blower's Act for their respective university. In the event the university board of trustees is unwilling or unable to address credible allegations, the OIGC may be asked to conduct an investigation on behalf of the university.

On October 5, 2016, the OIGC initiated a Whistle-blower investigation based on a referral from Florida Gulf Coast University's (FGCU) Office of Internal Audit. The investigation addressed multiple allegations involving members of FGCU's Board of Trustees, and included concerns about violations of Florida's Government in the Sunshine Law, Board regulations, and the university's regulations and policies. The OIGC issued a final investigative report on March 28, 2017, and presented a summary of the report at the March 2017 AACC



meeting. The investigation resulted in 15 recommendations to FGCU: 13 from the OIGC and two from the Board of Governors.

During the 2017-2018 fiscal year, the OIGC monitored FGCU's implementation of its corrective action plan. As of June 2018, all corrective actions have been completed. They included:

1. Electing a new board of trustees vice chair from among the appointed members (completed April 2017);
2. Making the board of trustees Audit and Compliance Committee an autonomous committee (completed June 2017);
3. Separating the duties for the board of trustees chair and the Audit and Compliance Committee chair (completed April 2017);
4. Training the board of trustees on the Sunshine Law (completed June 2017);
5. Consulting with Southern Association of Colleges and Schools (SACS) regarding the university's updated mission, vision, and strategic goals (completed April 2017);
6. Obtaining a legal opinion regarding the applicability of meeting minutes requirements contained within section 1001.71, F.S., and Board of Governors Regulation 1.001(2)(j) to board of trustees advisory committee meetings (completed May 2017);
7. Providing administrative supervisory training related to policies and expectations regarding matters of discrimination and harassment (completed June 2017);
8. Administrative coordination between general counsel and the Office of Institutional Equity and Compliance (completed April 2017);
9. Updating university regulations to address the reporting structure of the vice president and general counsel, the director of internal audit, and the chief compliance and ethics officer (completed October 2017);
10. Updating the ethics policy of the board of trustees to clarify that trustees are at liberty to communicate their concerns about employees to the president, but are prohibited from attempting to influence the employment status of employees, excluding the president (completed October 2017);
11. Updating the ethics policy of the board of trustees related to information about conflicts of interest and necessary disclosures (October 2017);
12. Implementing an enhanced new trustee orientation (completed January 2018);
13. Implementing an acknowledgement form to document trustees' receipt of the enhanced new trustee orientation (completed January 2018);
14. Addressing questions related to the university's strategic plan with Board of Governors staff and gaining approval of the plan by the Board of Governors (completed January 2018); and
15. Providing ethics training for the board of trustees (completed April 2018).



INVESTIGATIVE GUIDANCE AND ASSISTANCE

For fiscal year 2017-2018, the OIGC provided guidance on investigative procedures to a number of universities including Florida A&M University, Florida Atlantic University, Florida Gulf Coast University, Florida State University, University of Central Florida, University of South Florida, and University of West Florida.

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

- Legislative updates and bill analyses on legislation that could affect universities;
- Common public records exemptions; and
- Florida's Whistle-blower Act.

BACKGROUND CHECKS

Board office 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 results of one Level 2 and 14 Level 1 background checks for new Board staff and student assistants.



COMPLIANCE ACTIVITIES

During the 2017-2018 fiscal year, the OIGC engaged in the following compliance activities:

- System Financial and Operational Audit Reports;
- System Reporting Compliance;
- System Compliance with Board of Governors Regulation 4.003; and
- State University System of Florida Compliance and Ethics Consortium.

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

SYSTEM FINANCIAL AND OPERATIONAL AUDIT REPORTS

As required by law, the Florida 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 each System university. For fiscal year 2017-2018, the OIGC received, logged, and reviewed 12 Auditor General financial audits and four Auditor General operational audits. All findings are tracked for follow-up purposes and discussed with the appropriate interested parties.

In accordance with Section 1008.322, Florida Statutes, the Board 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 repeat audit findings and issues of significant noncompliance. In November 2016, the Board approved Board Regulation 4.004, *Board of Governors Oversight Enforcement Authority*, to implement this statute.

On January 16, 2018, the Joint Legislative Auditing Committee (JLAC) requested information on the status of corrective actions taken in regard to the FAMU Intercollegiate Athletics Cash Deficit and another persistent audit finding related to textbook affordability.

FAMU's Board of Trustees chair, Kelvin Lawson, provided a response to JLAC on March 12, 2018. This response highlighted corrective actions taken to date and emphasized the plan to balance the annual budget and eliminate the cumulative cash deficit over a 12-year period. Detailed information is provided in the FAMU Intercollegiate Athletics Cash Deficit Follow-up information found in the *Audit Activities* section of this report.

SYSTEM REPORTING COMPLIANCE

In November 2016, Board Regulation 4.002, *State University System Chief Audit Executives*, was approved to further establish university chief audit executives as a point for coordination of and responsibility for activities that promote



accountability, integrity, and efficiency in university operations. This regulation requires additional chief audit executive submissions (such as charters and annual work plans, for example) to keep the Board informed.

The OIGC received over 100 internal audit reports from university chief audit executives issued for fiscal year 2017-2018, in compliance with requirements of Board Regulation 4.002. The OIGC reviews those reports to identify any trends and confirm with a given university that it is addressing any adverse trends. The summary reporting activity was described under in the *Other OIGC Audit Activities* section of this report.

Additionally, the OIGC carried out the CAERS Annual Audit report Confirmation process for each university to confirm that all internal audit reports released during the fiscal year have been submitted to the Board through the OIGC. This process was completed at the beginning of fiscal year 2017-2018 to confirm the submissions made during fiscal year 2016-2017, aiding the accurate reporting of System internal audit coverage to the AACC in September of 2017.

In addition to internal audits, Board regulations require the submission of financial and audit information for university affiliated organizations. This year we received over 250 such submissions. This information will be summarized and presented to the AACC in September of each year.

For university compliance activities governed by Board regulation 4.003, *State University System Compliance and Ethics Programs*, there are a number of required submissions including charter documents, compliance program plans, external reviews, and status updates. University chief compliance officers have begun submission of such documents to the OIGC as they are developed. The OIGC will provide a reporting system for these submissions in the near future as described in the *Other OIGC Audit Activities* section of this report.

SYSTEM COMPLIANCE WITH BOARD REGULATION 4.003

Board Regulation 4.003, *State University System Compliance and Ethics Programs*, was approved in November 2016, and the OIGC has been actively monitoring the implementation of this regulation as we approach the two-year deadline for universities to implement an effective compliance and ethics program.

To measure universities' progress in their compliance program implementation, the OIGC worked with the State University System of Florida Compliance and Ethics Consortium to develop a "Compliance and Ethics Program Status Checklist." The checklist tracks the implementation status of the 19 elements identified in Board Regulation 4.003 as the essential elements of an effective compliance and ethics program.



The following summary provides the baseline status report presented to the AACC at its March 2017 meeting. The blue checkmarks represent completed elements.

SUS Compliance Program Status Checklist Summary - Baseline					
Univ.	University-Wide Compliance Program	Program Plan	BOT Committee	Chief Compliance Officer	External 5-Year Program Review
FAMU	● ● N/BN/B	N/B N/B ● ✓ N/B	● ● N/B N/B	● ● ● N/B N/B	-
FAU	● ✓ ● ✓	● ● ● ✓ ●	● ● ● ●	✓ ✓ ● ✓ ●	-
FGCU	● ● ● ●	● ● ● ✓ N/B	● N/B ● ✓	✓ ● ● ✓ ✓	-
FIU	✓ ✓ ● ✓	● ● ✓ ✓ ●	✓ ● ✓ ✓	● ✓ ● ✓ ✓	-
FL Poly	● ● ● ●	● ● ● ● ●	● ● ● ●	● ● ● ● ●	-
FSU	● N/B ● ●	N/B ● N/B ● N/B	N/B N/B N/B N/B	N/B N/B N/B N/B N/B	-
NCF	● N/B ✓ ●	● ● ● ● N/B	● ● N/B N/B	● ● ● ● ●	-
UCF	✓ ✓ ✓ ✓	● ● ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	-
UF	● ● ● ●	● ● ● ✓ ●	● ● ● ●	● ● ● ● ●	-
UNF	● ✓ ● ✓	● ● N/B ● N/B	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ●	-
USF	✓ ✓ ✓ ✓	● ● ● ✓ ✓	✓ ● ✓ ●	✓ ● ● ✓ ✓	-
UWF	● ● ✓ ✓	● ● ● ● ●	✓ ✓ ✓ ●	● ● ✓ ● ●	-

In November 2017, a second monitoring survey was administered with the results summarized and presented to the AACC at their January 25, 2018, meeting. The “Year 1” summary is presented below. Comparing the baseline survey results from January 2017 to the “Year 1” results, we see a 140% increase in universities’ completion of the required elements (represented by the blue checkmarks).

SUS Compliance Program Status Checklist Summary - Year 1					
Univ.	University-Wide Compliance Program	Program Plan	BOT Committee	Chief Compliance Officer	External 5-Year Program Review
FAMU	● ● ● ✓	● ● ✓ ✓ ●	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FAU	● ✓ ✓ ✓	● ● ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ●	N/B
FGCU	✓ ✓ ✓ ●	✓ ✓ ✓ ✓ ●	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FIU	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FL Poly	● ● ● ✓	● ● ● ● ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FSU	● N/B ● ●	N/B N/B ● ● ●	● ● N/B N/B	● ● N/B N/B N/B	N/B
NCF	● ● ✓ ●	● ● ✓ ✓ N/B	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UCF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UF	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UNF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
USF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UWF	● ✓ ✓ ✓	● ● ● ✓ ●	✓ ✓ ✓ ●	● ● ✓ ● ●	N/B



In June 2018, the inspector general provided a third summary of the status of program implementation. Again, we see significant progress represented by the increase in the number of blue checkmarks in the table below. All universities are on target to have an effective compliance and ethics program implemented by the November 2018 deadline.

SUS Compliance Program Status Checklist Summary - May 2018					
Univ.	University-Wide Compliance Program	Program Plan	BOT Committee	Chief Compliance Officer	External 5-Year Program Review
FAMU	✓ ● ✓ ✓	● ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FAU	● ✓ ✓ ✓	● ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FGCU	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FIU	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FL Poly	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FSU	● ✓ ● ●	● ● ● ✓ ●	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
NCF	● ● ✓ ✓	● ● ✓ ✓ ●	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UCF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UF	✓ ✓ ✓ ✓	✓ ● ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UNF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
USF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UWF	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B

STATE UNIVERSITY SYSTEM OF FLORIDA COMPLIANCE AND ETHICS CONSORTIUM

The State University System Compliance and Ethics Consortium (Consortium) was formed in June 2013. The inspector general represents the Board on the Consortium, which is composed of compliance directors and representatives from each of the System universities. The Consortium’s 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. The Consortium met three times this year via conference call or in-person as described below.

The Consortium was scheduled to meet by teleconference September 22, 2017. Because of the campus closures throughout the state from Hurricane Irma, Chair Rhonda Bishop (UCF Chief Compliance Officer) cancelled the teleconference.

The Consortium, however, met in-person early December 2017 on the Biscayne Bay Campus of Florida International University. We discussed the following topics:

- OIGC Updates, which included the draft ERM Survey results;
- SUS implementation of Board Regulation 4.003;



- Youth Protection Programs;
- Policy Development;
- Consortium charter review and update as well as chair succession;
- Data analytics and benchmarking; and
- NIST 800-171.

The Consortium elected its new chair, FIU's Karyn Boston. We recognized UCF's Rhonda Bishop for her outstanding leadership and guidance in developing and growing the Consortium.

December 4-5, 2017 - Participants discussed general compliance topics, which included the European Union General Data Protection Regulation (GDPR) as well as ERM.

March 6, 2018 - The Consortium welcomed new members, approved revisions to the SUS Compliance and Ethics Consortium Charter; discussed implementing Board Regulation 4.003; and discussed transition of the chair from Karyn Boston to Jeff Muir, the chief compliance officer at the University of South Florida. In April, Ms. Boston announced her resignation and transition to become the executive vice president and general counsel for the national office of YMCA in Milwaukee.

June 29, 2018 - The Consortium held the meeting by conference call, led by Interim Chair Muir. Topics of discussion included:

- Amended SUS Compliance and Consortium Charter;
- Chief Compliance Officer Relationships with Compliance Partners;
- Five-year Compliance Program Reviews;
- General Data Protection Act (GDPR) Compliance Strategy;
- Sunshine Law Compliance; and
- Election of New Consortium Chair.

The Consortium elected Interim Chair Muir as Chair beginning July 1st. Morgan Kim announced her resignation as FAU chief compliance officer to encourage her son in pursuit of his Olympic dream. FIU's new chief compliance officer Jennifer LaPorta Baker joined the Consortium call. She most recently served as executive director for the Office of Equity and Diversity at the University of Scranton.



OIGC ACTIVITIES

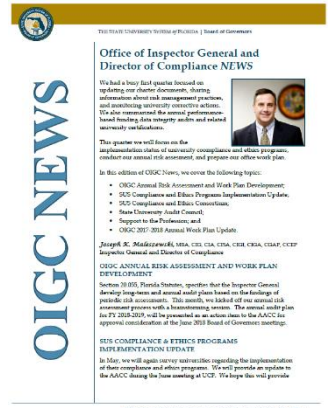
In addition to the OIGC’s audit, investigative, and compliance activities, the OIGC also published quarterly newsletters, performed bill analyses, developed an office brochure, and participated in the Board of Governors Student Leadership Program. Each of these items is described in detail below.

OIGC NEWSLETTER

The OIGC newsletter is designed to supplement Board meetings and briefings to keep the AACC informed regarding OIGC activities and updates. OIGC newsletters are prepared and disseminated on a quarterly basis.

OIGC News are available at:

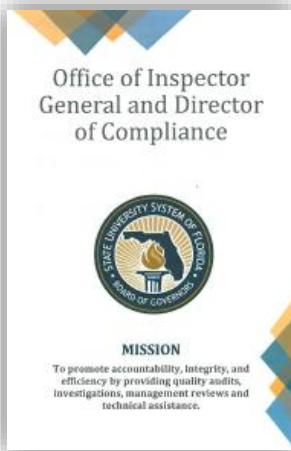
<http://www.flbog.edu/board/office/ig/reports.php>



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 HB 11 Government Accountability and HB 7007 Public Integrity and Ethics Commission.

OIGC BROCHURE



OIGC staff developed a brochure that describes its mission and areas of responsibility. It is included in the Board office’s new employee packets and provides a high-level description of the audit and investigative functions along with information for reporting waste, fraud, and financial mismanagement.

BOARD OF GOVERNORS STUDENT PROFESSIONAL DEVELOPMENT PROGRAM

In February 2017, Chancellor Criser approved the development of a Board of Governors Student Professional Development Program (SPDP) to promote more



engagement, participation, and ethical values for student assistants who work at the Board office. SPDP activities include professional development opportunities such as workshop and training events, student-led presentations, and attendance at Legislative or Board of Governors meetings. The directorship of the SPDP transitioned in May 2018 to Lori Clark, compliance and audit specialist.



STAFF

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

Inspector General and Director of Compliance



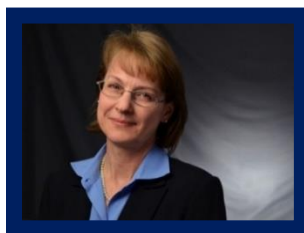
Mr. Maleszewski joined the Board of Governors' Senior Staff in September 2013. He received an MBA degree from the Florida State University School of Business and holds the following professional certifications:

- 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 27 years of service in state government, serving primarily in Offices of Inspector General at four state agencies.³ He also served as statewide 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 & Audit Specialist



Ms. Clark taught French, English, and English as a Second Language for six years before transitioning from the classroom to the higher education administrative setting. She joined the Board of Governors office in August 2006 as an educational policy analyst in the board's Academic and Student Affairs unit. She transferred to the OIGC in August 2008. Ms. Clark earned her bachelor's and master's degrees in French Language and Literature from Florida State University.

³ Department of Agriculture and Consumer Services, Department of Transportation, Department of State, and Department of Economic Opportunity



During her years on staff in the OIGC, Ms. Clark obtained the following professional certifications:

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

Ms. Clark has over 30 years of experience in postsecondary education, including teaching, student services administration, and program implementation.

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 had been employed since 2012 – first as the whistle-blower 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).

Gabrielle Cazeau **Student Assistant**

Ms. Cazeau began working with the OIGC in June 2017. She is now a junior at Florida State University, pursuing a bachelor’s degree in International Affairs and a minor in Spanish. Post-graduation, Ms. Cazeau plans to pursue a Master’s Degree in Public Administration and eventually work in the field of Urban and Regional Planning.



PROFESSIONAL DEVELOPMENT AND ASSOCIATIONS

OIGC staff develop and maintain their professional knowledge, skills, and abilities through a number of methods. The following section summarizes the OIGC staff'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. Collectively, OIGC staff maintain 11 professional designations/certifications.



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. IG Maleszewski serves in active leadership roles in a number of these associations. The OIGC staff professional affiliations include:

- Association of Inspectors General (National and State Chapters);
- Institute of Internal Auditors (National and Tallahassee Chapters);
- ISACA (National and Tallahassee Chapters);
- Association of Government Accountants;
- Association of Certified Fraud Examiners;
- Florida Audit Forum;
- Society for Corporate Compliance and Ethics;
- Association of College and University Auditors; and
- 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's *Principles and Standards for Offices 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 Professional Practices Framework* 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 our mission, OIGC staff utilizes 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 100 hours of continuing professional development to comply with office and professional standards as well as to maintain 11 professional certifications.



TRAINING TAKEN AND PROVIDED

Below are the major training opportunities OIGC staff attended or provided during the 2017-2018 fiscal year:

ISACA, July 21, 2017 - An interactive course providing participants with critical information for adopting and auditing the National Institute of Standards and Technology NIST CYBERSECURITY NEXUS™ (CSX). Lori Clark attended this training session.



Florida Chapter Association of Inspectors General Annual Conference, July 28, 2017 - Advanced Interviewing for Investigation/ Audit Professionals Inspector General Investigators and Auditors received instruction presented by Mark Anderson of Anderson Investigative Associates, LLC. All OIGC staff attended this training.



Association of Inspectors General 2017 Institute, July 15-18, 2017 & March 20-23, 2018 - 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. These two events were held at John Jay College of Criminal Justice in New York City and Jacksonville, Florida respectively. Joe Maleszewski provided 12 hours of instruction for the CIG and CIGA Institute sessions.

Association of College and University Auditors 2017 Annual Conference, September 24-28, 2017 - The conference was held in Phoenix Arizona, and numerous topics were covered including Enterprise Risk Management; Cybersecurity; athletics compliance; Environmental, Health, and Safety; compliance programs; and auditing. Joe Maleszewski attended this conference.



WB Refresher Training for State University Audit Council, October 5-6, 2017 - Investigations and Audit Specialist Rebekah Weeks conducted a three-hour whistle-blower training in partnership with the Executive Office of the Governors' Office of the Chief Inspector General. The training included an in-depth review of the requirements of and best practices for Florida's Whistle-blower's Act. The participating chief audit executives earned continuing professional education credits for the training, sponsored by the Tallahassee Chapter of the Institute of Internal Auditors.



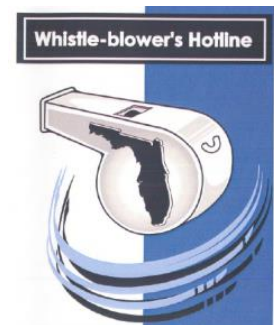
The Best of Both Worlds: Fraud Examiner and Auditor Approaches to Assessing and Managing Risk, October 17-18, 2017

This joint fraud training event featured experts from the Tallahassee Chapters of the Association of Certified Fraud Examiners and the Institute of Internal Auditors and the opportunity to network with colleagues. All OIGC staff attended this training.



Certified Internal Auditor (CIA) Examination Training Part 3, November 28-30, 2017 - This training helped to expand internal audit knowledge, build confidence in addressing today's internal audit challenges, and prepare attendees for the CIA exam. Lori Clark and Rebekah Weeks attended this training session.

Florida Whistle-blower's Act Training - Upon request of the University of North Florida's chief audit executive, Rebekah Weeks and Joe Maleszewski traveled to Jacksonville on January 10, 2018, to provide university staff training on Florida's Whistle-blower's Act. There were nine training participants representing the Office of Internal Auditing, Compliance Office, Office of the General Counsel, Human Resources, and the Office of Equal Opportunity and Diversity. We coordinated with the Tallahassee Chapter of The Institute of Internal Auditors to award training participants with two hours of continuing professional education credits for the session. Training participants anonymously completed a training survey to provide feedback on the quality, relevance, professionalism, and organization of the training. We received eight surveys, all of which contained positive ratings and feedback.



Association of Government Accountants Government Training Event, February 8-9, 2018

-This annual conference provides training sessions covering a wide range of audit, compliance, and investigative topics and is well-attended by professionals in these fields from the private sector as well as from state and federal agencies. Rebekah Weeks and Joe Maleszewski provide a training session at the on the auditor's role in Enterprise Risk Management.





CCB & SCCE Higher Education Compliance Conference, June 4-6, 2018 - This training helped participants learn to increase the effectiveness of their institution's compliance program, discuss emerging risks and issues with their colleagues, and share best practices. Joe Maleszewski and Lori Clark attended and presented at this conference.





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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/>

Board of Governors Regulations
<http://www.flbog.edu/about/regulations/>

Florida Inspectors General
<http://www.floridaoig.com/>

Institute of Internal Auditors
<http://www.theiia.org/>

Society of Corporate Compliance and Ethics
<https://www.corporatecompliance.org/>



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