

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

**ANNUAL REPORT**  
**Fiscal Year 2021-2022**



# Table of Contents

Introduction .....	2
Authority, Standards, and Functions.....	2
Audit Activities.....	3
Investigative Activities.....	6
Compliance Activities.....	9
Other OIGC Activities .....	10
Professional Development and Associations.....	11
OIGC Staff Biographies .....	11



## Introduction

In compliance with Florida's Inspectors General Act, Section 20.055, Florida Statutes (F.S.), the Office of Inspector General and Director of Compliance (OIGC) has prepared this annual report to summarize the office's activities for the 2021-2022 fiscal year.

## Authority, Standards, and Functions

### Authority

As authorized by sections 20.055 and 20.155(5), Florida Statutes, the Board of Governors (Board) established the OIGC in July 2007 to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

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

### Standards

All audit and investigative work in the OIGC is conducted in accordance with the Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. Additionally, audit engagements are performed in accordance with the International Professional Practices Framework (Standards for the Professional Practice of Internal Auditing), published by the Institute of Internal Auditors, Inc.

### Functions

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

### Audits

The OIGC promotes integrity, accountability, and process improvement by providing objective, timely, sufficient, and value-added audit services. The OIGC conducts audits of the Board office and communicates the results of those audits in accordance with audit standards. The inspector general determines the scope and assignment of audits; however, the AACC chair and the chancellor may at any time direct the inspector general to perform an audit of a special program, function, or organizational unit.



## Investigations

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

## 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.

## Support for the Audit and Compliance Committee

The Board's inspector general is responsible for keeping the Audit and Compliance Committee (Committee) informed on the OIGC's activities. Presentations made to the Committee during the year included:

- System Audits Summary
- Foreign Influence Legislation Implementation
- University Performance Based Funding and Preeminence Audit Results
- Progress Reports on the External Financial Controls Review of University Direct Support Organizations

## Audit Activities

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

- Audit of the Board Office's Review of University Carryforward Spending Plans;
- Board of Governors Contract Procurement;
- Board of Governors Office IT Security and Access Controls;
- System Data Integrity Audits and Certifications Summary;
- Quality Assurance Review (External);
- OIGC Audit Follow-up Activities; and
- Other OIGC Audit Activities.

## Audit of the Board Office's Review of Carryforward Spending Plans

This operational audit was conducted to evaluate the efficiency and effectiveness of the processes in place at the Board office to receive, review, and report university carryforward spending plans; identify potential process improvements; and determine compliance with applicable state laws and regulations.



During this audit, we examined documentation of the Board office University Budgets unit's review and oversight activities associated with the universities' 2020-2021 Education & General Carryforward Spending Plans. We concluded the University Budgets unit established and implemented processes designed to ensure compliance with the requirements of section 1011.45, F. S., and Board of Governors Regulation 9.007. Additionally, we identified two opportunities for the University Budgets unit to strengthen their internal processes and enhance the efficiency and effectiveness of their review and oversight activities.

## Board of Governors Contract Procurement

As required by section 287.136(2), F. S., we conducted a compliance audit of the Board office's vendor selection and contract execution process for the fiscal years 2018-2019 through 2020-2021 to identify any trends in vendor preference. We found the Board office's contracts during the period of our review were executed in accordance with the state's competitive bid requirement threshold. Additionally, we concluded the Board office's contract procurement process is in compliance with the select components of the purchasing laws and did not reveal any trends in vendor preference.

## Board Office IT Security and Access Controls

This engagement was conducted to determine the Board office's compliance with state cybersecurity laws and standards, and to evaluate the adequacy and effectiveness of select IT security and access controls implemented for agency applications and systems.

The results of the audit are confidential, pursuant to section 282.318(4)(g), F.S.

## System Data Integrity Audits and Certifications Summary

In accordance with Board of Governors Regulation 5.001 and Florida Statutes, all universities are required to audit annually the data used to support Performance-based Funding decisions. Additionally, those universities designated as Preeminent or Emerging Preeminent are also required to audit annually the data used to evaluate the preeminence metrics.

At the March 29, 2022, AACC meeting, Inspector General Leftheris provided members with a summary of the results of the universities' audits and certifications. The summary included an update on the results of the Data Integrity Certification process, which included the certifications submitted, audits conducted, and corrective action plans for Performance-based Funding as well as preeminent or emerging preeminent metrics for those universities so designated.

## Quality Assessment Review (External)

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.

Once every three years, the Auditor General must review a sample of internal audit reports at each state agency to determine the agency's compliance with Standards for the Professional Practice of Internal Auditing<sup>1</sup>. The Auditor General completed their review of the OIGC in September 2021 and reported the quality assurance and improvement program related to the office's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by The Institute of Internal Auditors.

## OIGC Audit Follow-up Activities

### Board of Governors

The OIGC is required<sup>2</sup> to identify significant recommendations made to the Board that were described in previous annual reports on which corrective action has not been completed. We did not identify any such recommendations.

## Other OIGC Audit Activities

### Financial Control Review of SUS Direct Support Organizations

In response to a multi-million dollar embezzlement discovered in 2020 at the University of South Florida by a former employee of the University Medical Services Association direct support organization, the Board of Governors directed that a financial review be conducted on all university direct-support organizations to assess any deficiencies and provide opportunities to improve internal accounting controls within these organizations. The Crowe, LLP, firm was selected to conduct the assessment, which began in late September 2021.

The OIGC received weekly progress reports from Crowe that were then shared with the university chief audit executives and chief financial officers. Additionally, staff participated in bi-weekly meetings with Crowe to obtain more detailed updates and provide feedback from the universities. The firm's progress was reported to the AACC during their meetings throughout the fiscal year.

### State University Audit Council

The inspector general represents the Board on the State University Audit Council (SUAC), composed of System universities' chief audit executives. Topics discussed are included

---

<sup>1</sup> Section 11.45(2)(i), Florida Statutes

<sup>2</sup> Section 20.055(8)(c), Florida Statutes



in the OIGC newsletters (*OIGC News*) published during the year, which are available on the OIGC webpage (<https://www.flbog.edu/about-us/inspector-general/>).

### State University Information Technology Auditors Group

OIGC staff met with the Information Technology Auditors Group (ITAG) virtually each quarter to discuss information technology (IT) and IT security-related topics.

## Investigative Activities

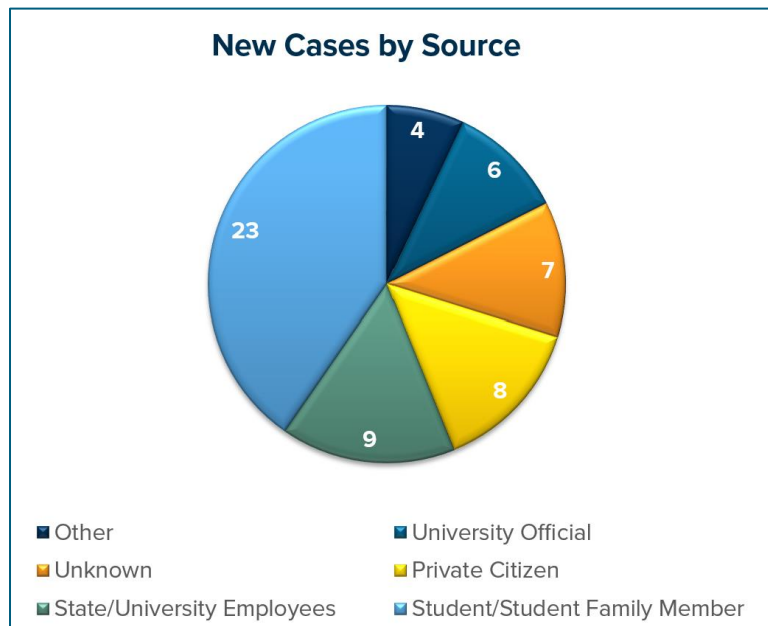
During the 2021-2022 fiscal year, the OIGC engaged in the following investigative-related activities:

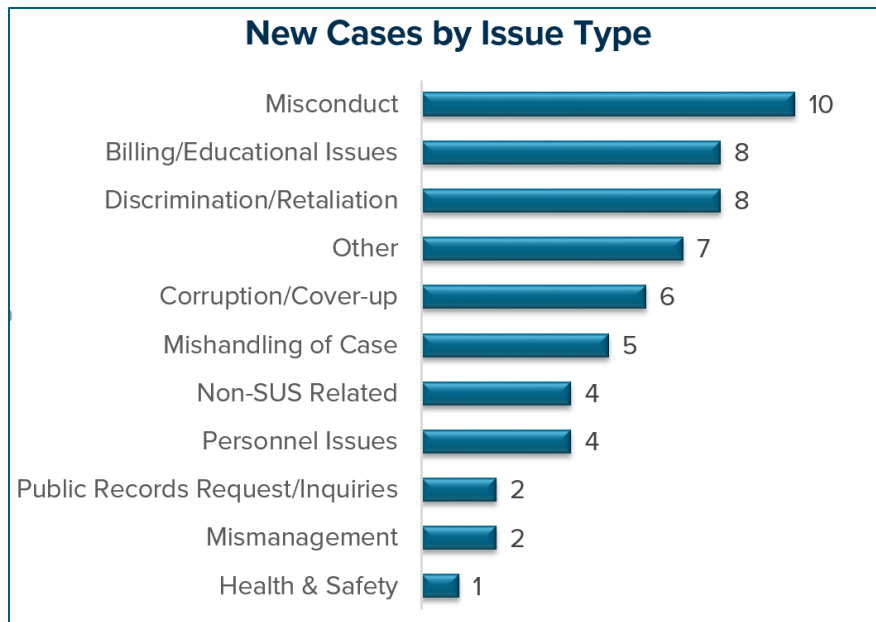
- Complaints, Notifications, and Requests;
- Investigations and Other Investigative Activity;
- Whistle-blower Activity; and
- Investigations Case Management System Development.

### Complaints, Notifications, and Requests

The OIGC typically receives complaints, notifications, and requests for information by telephone, letter, fax, or e-mail. The OIGC opened 57 new cases related to complaints, notifications, and requests for information that were received during the 2021-2022 fiscal year. The chart to the right illustrates the sources of those cases.

Additionally, the following graph provides an overview of the types of issues associated with the new cases opened.





Of the 57 new cases opened during the year, the OIGC closed 52 in the following ways:

- Referred 33 to the appropriate university or agency for handling, and monitored the outcome if necessary;
- Processed 3 within the OIGC; and
- Determined 16 required no referral as they were either previously or concurrently being addressed by other appropriate entities or were unrelated to the System.

Additionally, the OIGC closed five historical cases related to complaints, notifications, and requests for information that carried over into the 2021-2022 fiscal year from prior fiscal years.

### Notification regarding University of South Florida, UMSA (OIGC #2021-029)

On December 2, 2020, pursuant to Board of Governors Regulation 4.001, the OIGC received a notification from the chief audit executive at the University of South Florida (USF) about a potential multi-million dollar embezzlement involving the University Medical Services Association (UMSA), one of the university's direct support organizations. The university demonstrated it was willing and able to investigate the concerns. The investigation was conducted by the university chief audit executive in coordination with appropriate law enforcement officials and other external resources.

The OIGC monitored the investigation and received updates on its status and progress, in order to keep senior management and the Board informed as appropriate. A final investigative report was issued in April 2021, with an addendum issued in July 2021. The investigation uncovered that a former employee had embezzled over \$12 million through non-business charges on an UMSA credit card, certain charges of which were fraudulent. The subject was criminally charged, pled guilty, and is awaiting sentencing; he has also been cooperating with the government to recover funds. The university has filed





multiple civil actions to recover stolen money from all who allegedly benefited from the improper actions, the efforts of which remain ongoing. Additionally, internal controls improvements have been implemented at UMSA, and audit coverage of the university's direct support organizations has been reassigned to the chief audit executive's office for additional assurance and oversight.

## Investigations and Other Investigative Activity

The OIGC conducts investigations or other investigative activity (which may include consultations, external investigative oversight, or preliminary inquiries), as needed. During the 2021-2022 fiscal year, the OIGC concluded a consultation (OIGC #2019-067) and conducted a preliminary inquiry (OIGC #2022-041) as described below.

### Consultation for the University of Central Florida (OIGC #2019-067)

On March 26, 2019, the chief audit executive at the University of Central Florida (UCF) contacted the OIGC about concerns involving the UCF Convocation Corporation (UCFCC), a direct support organization of the university. UCF University Audit received allegations related to potential financial improprieties and violations of the organization's by-laws and the state's Sunshine Law. After consulting on the chief audit executive's whistle-blower determination, the OIGC was asked to consult on the subsequent whistle-blower investigation. OIGC staff assisted in preparing for and participating in interviews, coordinating legal sufficiency reviews, and providing feedback on the report.

In December 2021, University Audit issued their final investigative report wherein four allegations involving deceptive financial practices, certain Sunshine Law violations, UCFCC Bylaws violations, and UCF Arena Naming Rights violations were substantiated. The remaining four allegations were unsubstantiated. University Audit issued thirteen recommendations for university and UCFCC leadership. After having the opportunity to review the report and recommendations, management implemented immediate corrective actions where possible and committed to reviewing the remaining recommendations in order to implement appropriate corrective actions.

### Preliminary Inquiry of the University of Florida (OIGC #2022-041)

In April 2022, the OIGC received concerns about the safety of a student at the University of Florida. It was alleged that the university was failing to address the reported safety concerns and was mishandling the complaint. The OIGC initiated a preliminary inquiry regarding the university's handling of the concerns. The preliminary inquiry was closed on May 17, 2022, after determining the university appropriately handled the concerns raised and no further investigative activity was warranted.

## Whistle-blower Activity

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



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

## Investigations Case Management System (ICMS) Development

The OIGC worked with the Board office applications development team to design and deploy a new database for the documentation and maintenance of its investigative-related records. The ICMS went live in June 2022.

## Compliance Activities

During 2021-2022 fiscal year, the OIGC engaged in the following compliance-related activities:

- Foreign Influence (HB7017) Compliance and Submission Guidance;
- Board of Governors Chapter 4 Regulations Compliance Review; and
- Quarterly State University System Compliance and Ethics Consortium Meetings

## Foreign Influence (HB7017) Compliance and Submission Guidance

During the 2021 legislative session, the Legislature passed House Bill 7017 related to Foreign Influence. OIGC staff developed a compliance and guidance document to aid universities' in their implementation of this bill. The compliance and guidance document focused primarily on the gifts reporting requirement contained in a new statute, section 1010.25, F.S. The compliance and guidance document is accessible via the OIGC webpage (<https://www.flbog.edu/about-us/inspector-general/>).

Section 1010.25, F.S., requires institutions of higher education, to include university direct-support organizations and other affiliates, to disclose all foreign gifts of \$50,000 or more to the Board of Governors. Beginning July 1, 2022, it requires the OIGC to randomly inspect or audit at least five percent of the total number of gifts disclosed by or gift agreements received from institutions of higher education.

OIGC staff have reviewed university submissions from the first of the bi-annual submissions, which was January 31, 2022, and has developed the inspection plan to implement this requirement after the second of the bi-annual submissions is received at the end of July.

## Board of Governors Chapter 4 Regulations Compliance Review

As part of the OIGC compliance program, OIGC staff conduct an annual compliance review of the regulatory-required university submissions from chief audit executives and chief compliance officers to the Board of Governors. Included in the annual review this year was an assessment of universities' compliance with Board of Governors Regulation



4.001, paragraphs (5) and (6). Those paragraphs require universities to develop a regulation that addresses the handling of significant and credible allegations against select senior university leadership positions. We noted several instances of partial compliance, which all universities have now remedied.

## State University System Compliance and Ethics Consortium

The inspector general represents the Board on the State University System Compliance and Ethics Consortium, composed of System universities' chief compliance officers and their staff. Topics discussed are included in the OIGC newsletters (*OIGC News*) published during the year, which are available on the OIGC webpage (<https://www.flbog.edu/about-us/inspector-general/>).

## Other OIGC Activities

### Legislative Monitoring

The OIGC monitors each Legislative session for activity that may impact the operations of the OIGC. During the 2022 Legislative session, section 1000.05(4)(a), F.S., was amended to include certain enumerated concepts that would constitute discrimination on the basis of race, color, national origin or sex if such concepts were presented in university training or instruction in such a manner that would cause a person to believe the university was endorsing the concepts. Additionally, section 1001.92, F.S., was amended to render a university ineligible for performance-based funding in the event it is determined that a university violated the new provisions in section 1000.05(4)(a), F.S. If a credible allegation that a university willfully and knowingly failed to correct a violation of the new provisions in section 1000.05(4)(a), F.S., is received, the OIGC was tasked with certain investigative responsibilities to determine if evidence exists to support the allegation and the university's ineligibility for performance-based funding.

### Regulatory Updates

Over the course of the year, the OIGC completed a review of the four regulations that comprise the audit and compliance chapter of the Board of Governors regulations (Chapter 4). Our office proposed amendments to add clarifying language to the regulations. Additionally, we proposed amendments which would require quarterly updates to the Board AACC of any chief audit executive or chief compliance officer vacancies of more than six months and the efforts to fill such vacancies. In March 2022, the regulations were presented to the AACC for public notice of intent to amend. Subsequently, in June 2022, the Board approved the amendments to the regulations. The current regulations are available online at: <https://www.flbog.edu/regulations/active-regulations/>.



## OIGC News

Throughout the year, the OIGC publishes the *OIGC News*, which is designed to supplement Board meetings and briefings to keep the AACC informed regarding OIGC activities and updates. OIGC newsletters are available at: <https://www.flbog.edu/about-us/inspector-general/>

## Professional Development and Associations

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

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

## OIGC Staff Biographies

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

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

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

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



**Rebekah Weeks, CIGI**  
**Investigations and Audit Specialist**

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





325 West Gaines Street, Suite 1614

Tallahassee, FL 32399-0400

Phone: (850) 245-0466

Email: [BOGInspectorGeneral@flbog.edu](mailto:BOGInspectorGeneral@flbog.edu)

Website: [www.flbog.edu](http://www.flbog.edu)