



Item: AC: A-4

AUDIT AND COMPLIANCE COMMITTEE
Tuesday, November 16, 2021

SUBJECT: OFFICE OF INSPECTOR GENERAL'S INTERNAL AUDIT CHARTER

PROPOSED COMMITTEE ACTION

Review and recommend approval of the Office of Inspector General's Internal Audit Charter.

BACKGROUND INFORMATION

This Charter is a formal document that defines the Florida Atlantic University Office of Inspector General (OIG)'s purpose, authority, and responsibility. The Institute of Internal Auditor's Standard for Professional Practice require that we periodically review the Internal Audit Charter and present it to the Board and the President for approval. The last time this charter was updated was in 2017. While the Inspector General's duties and responsibilities were not altered by the current revision to the charter, the OIG's mission, authority, and scope of operation were refined. We also added the professional standards that OIG will follow in conducting investigations.

IMPLEMENTATION PLAN/DATE

Upon approval from the Board of Trustees

FISCAL IMPLICATIONS

Not Applicable

Supporting Documentation: OIG's Internal Audit Charter

Presented by: Mr. Reuben Iyamu, Inspector General

Phone: 561-297-6493



Office of Inspector General **Internal Audit Charter**

Introduction

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, internal control, and governance processes. The Office of Inspector General (OIG) at Florida Atlantic University administers the Audit Program for the university with the objective of assisting management of the university and the Board of Trustees in the effective discharge of their responsibilities. To this end, OIG provides management and the university Board of Trustees with objective examinations of operations (assurances services) and consulting and advisory services related to governance, risk management, and control processes without assuming management responsibility.

Mission

The Office of Inspector General serves the university, and to a limited extent its direct support organizations, by providing a central point for coordination of, and responsibility for, activities that promote accountability, integrity, efficiency, and compliance.

Organization, Independence, Authority

The Inspector General (chief audit executive) reports functionally to the Board of Trustees through its Audit and Compliance Committee, and administratively to the university president. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit findings, planned actions and published reports.

In performing its function, OIG has no direct responsibility or authority over any of the activities it reviews. Therefore, the audit, review or appraisal does not relieve other persons in the university of the responsibilities assigned to them. OIG is authorized full and unrestricted access to all records, either electronic or manual, university personnel, and physical facilities necessary to carry out its activities. Documents and information provided to OIG staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them.

Professional Standards and Ethics

The OIG staff members have a responsibility to those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the university's ethics policy, and the Institute of Internal Auditors (IIA) Code of Ethics. The Institute's International Standards for the Professional Practice of Internal Auditing shall constitute the operating principles for the office. OIG also subscribes to the standards established by the Florida Board of Governors Regulation 4.002, *State University System Chief Audit Executives*, which provides policy and operational guidance for the internal audit function consistent with IIA standards.

Duties and Responsibilities

(a) Prepare an annual risk-based internal audit plan consisting of a work schedule as well as resource requirements for the next fiscal year. The annual plan will be submitted to the president and the Audit and Compliance Committee for review and approval. The Inspector General (chief audit executive) will communicate the impact of resource limitations and significant interim changes to the president and the committee;

(b) Conduct and coordinate internal audits, consulting services, and investigations (that fall within the purview of OIG) relating to the programs and operations of the university and its direct support organizations;

(c) Conduct, supervise, or coordinate other activities carried out or financed by the university for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;

(d) Investigate allegations of fraud, waste, abuse and other wrongdoing;

(e) Receive complaints and coordinate all activities of the university and direct support organizations as required by the Whistle-blower's Act pursuant to Sections 112.3187-112.31895, Florida Statutes;

(f) Keep the university president, management and the Audit and Compliance Committee informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the university, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action;

(g) Ensure effective coordination and cooperation between the Florida Auditor General, federal auditors, and other governmental bodies and external auditors with a view toward avoiding duplication;

(h) Review, as appropriate, rules relating to the programs and operations of the university and make recommendations concerning their impact;

(i) Monitor implementation of audit recommendations issued by OIG and the Florida Auditor General. The Audit and Compliance Committee will be provided with timely reports on the status of corrective actions taken to address the recommendations; and,

(j) Provide the president and the Audit and Compliance Committee with an annual report by September 30th, summarizing OIG activities for the previous fiscal year.

In the performance of these services, OIG will ensure that an appropriate balance is maintained between audit, investigative, and other activities. Detailed operational procedures for the Office of Inspector General have been established for the effective and efficient administration of the internal audit activity.

Quality Assurance and Improvement Program

OIG will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the office's conformance with the Institute of Internal Auditor's professional standards and whether internal auditors apply the Institute's Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Inspector General (chief audit executive) will communicate to senior management and the board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Revised Jan 2017

Approved May 2017 by University President, Board of Trustees Chair, Audit & Compliance Committee Chair, and University Chief Audit Executive.



Office of Inspector General Charter

Introduction

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, internal control, and governance processes. This Charter is a formal document that defines the Florida Atlantic University Office of Inspector General (OIG)'s purpose, authority, and responsibility.

Mission

The mission of the Florida Atlantic University's Office of Inspector General (OIG) is to serve the University and its Direct Support Organizations by working in collaboration with the university management and staff, faculty personnel, and the Board of Trustee (BOT)'s Audit and Compliance Committee to provide independent, comprehensive audits and consulting services designed to enhance the University's reputation, promote accountability, integrity, and efficiency of the university's operations. In addition, the OIG promotes awareness and conducts non-criminal investigations into any alleged fraud, waste, abuse, or mismanagement of the University resources.

Organization, Independence, and Objectivity

The Inspector General (Chief Audit Executive) reports functionally to the BOT through its Audit and Compliance Committee, and administratively to the University President. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit findings, planned actions and published reports. The Inspector General has unrestricted access to the BOT Audit and Compliance Committee, and University President.

In performing its function, the OIG has no direct responsibility or authority over any of the activities it reviews. Therefore, the audits, investigations, reviews, or appraisals do not relieve other persons in the University of their assigned responsibilities. OIG is authorized to have full, unrestricted, and timely access to all records, either electronic or manual, University personnel, and physical facilities necessary to carry out its activities. Documents and information provided to OIG staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them. All OIG auditors must carry out their duties and responsibilities with an unbiased mental attitude and must not subordinate their judgement on audit matters to others.

Scope of Work

The OIG's scope of internal audit and investigative work will include all University programs, activities, colleges, schools, departments, auxiliaries, DSOs and component units. The OIG may perform advisory and related university service activities, the nature and scope of which will be agreed upon with management, provided the OIG does not assume management responsibility. Accordingly,

The Inspector General and staff are NOT authorized to:

- Perform any operational duties for the University or its affiliated organizations. Accordingly, OIG auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment;

- Initiate or approve accounting or other transactions external to the OIG; and,
- Direct the activities of any University employees not employed by the OIG, except to the extent such employee has been appropriately assigned to assist the OIG team.

The Inspector General will confirm to the BOT Audit and Compliance Committee, at least annually, the organizational independence of the OIG, and will disclose to the Audit and Compliance Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Authority for the OIG

Pursuant to the Board of Governors (BOG) Regulation Chapter 4.002(1), each University shall have an Office of Chief Audit Executive as a point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the operations of the University. Accordingly, the Florida Atlantic University established the Office of Inspector General to fulfill the responsibilities of the Chief Audit of Executive. This charter (as amended) and the BOG regulation chapter 4.002 provides the authority for the OIG to carry out its duties and responsibilities.

Professional Standards and Ethics

For audit and consulting activities, the OIG will meet or exceed the *Institute's Internal Auditor's International Standards for the Professional Practice of Internal Auditing*. Other professional auditing standards may be followed, as applicable to the audit engagement. For investigations, OIG will follow the *Principles and Standards for Offices of Inspector General* issued by the Association of Inspectors General, as well as the *Standards for Complaint Handling and Investigations for the State University System of Florida*.

The OIG staff members have a responsibility to those they serve and should refrain from entering any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the University's ethics policy, the Florida Code of Ethics for Public Officers and Employees, and the Institute of Internal Auditors (IIA) Code of Ethics.

Duties and Responsibilities

(a) Prepare an annual risk-based and flexible internal audit plan consisting of a work schedule as well as resource requirements for the next fiscal year. The annual plan will be submitted to the President and the Audit and Compliance Committee for review and approval. The Inspector General (Chief Audit Executive) will communicate the impact of resource limitations and significant interim changes to the President and the Audit and Compliance Committee;

(b) Conduct and coordinate internal audits, consulting services, and investigations (that fall within the purview of OIG) relating to the programs and operations of the University and its Direct Support Organizations;

(c) Conduct, supervise, or coordinate other activities carried out or financed by the University for the purpose of promoting economy and efficiency in the administration of, or prevention and detection of fraud and abuse in its programs and operations;

(d) Investigate allegations of fraud, waste, abuse and other wrongdoing;

(e) Receive complaints and coordinate all activities of the University and Direct Support Organizations as required by the Whistle-blower's Act pursuant to Sections 112.3187-112.31895, Florida Statutes;

(f) Keep the University President, management and the Audit and Compliance Committee informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by

the University, recommend corrective actions concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective actions;

(g) Ensure effective coordination and cooperation between the Florida Auditor General, federal auditors, and other governmental bodies and external auditors with a view toward avoiding duplication;

(h) Review, as appropriate, rules relating to the programs and operations of the University and make recommendations concerning their impact;

(i) Monitor implementation of audit recommendations issued by OIG and the Florida Auditor General. The Audit and Compliance Committee will be provided with timely reports on the status of corrective actions taken to address the recommendations; and,

(j) Provide the President and Audit and Compliance Committee with an annual report by September 30th, summarizing OIG activities for the previous fiscal year.

In the performance of these services, OIG will ensure that an appropriate balance is maintained between audit, investigative, and other activities. Detailed operational procedures for the Office of Inspector General have been established for the effective and efficient administration of the internal audit activity.

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The Inspector General (Chief Audit Executive) will communicate to senior management and the BOT on the Internal Audit activities, quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Inspector General (Chief Audit Executive)

Date

President

Date

Chair, Audit & Compliance Committee

Date

Chair, Board of Trustee

Date