



Item: AC: A-2

## AUDIT AND COMPLIANCE COMMITTEE

Tuesday, February 4, 2025

**SUBJECT: REVIEW AND APPROVAL OF THE REVISED OFFICE OF INSPECTOR GENERAL'S CHARTER**

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### PROPOSED COMMITTEE ACTION

Approval of the revised Office of Inspector General's Charter.

### BACKGROUND INFORMATION

This Charter defines Florida Atlantic University's Office of Inspector General (OIG)'s purpose, authority, and responsibilities. To ensure compliance with the Florida Board of Governors (BOG) Regulation 4.002 requirement to have the charter reviewed at least every three (3) years, you approved the revised charter in June 2024. In addition, the BOG regulation requires that we perform our audit engagements in accordance with the Professional Standards published by The Institute of Internal Auditors (IIA). IIA released the new Global Internal Audit Standards in January 2024 and they became effective on January 9, 2025. We have revised the charter to align with the new Global Internal Audit Standards and ask that you review and approve the current charter.

### IMPLEMENTATION PLAN/DATE

Upon approval by the Board of Trustees.

### FISCAL IMPLICATIONS

Not Applicable.

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**Supporting Documentation:**

Revised Office of Inspector General Charter

**Presented by:** Mr. Reuben Iyamu, Inspector General

**Phone:** 561-297-6493



## Office of Inspector General Charter

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### **OIG Purpose (Mission)**

The Florida Atlantic University (FAU)'s Office of Inspector General (OIG) serves as an internal audit function with the purpose to strengthen the University and its Direct Support Organizations' abilities to create, protect, and sustain value by providing the Board of Trustees (BOT), through its Audit and Compliance Committee (ACC), the University President, and Senior Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The OIG internal audit activities enhance FAU's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

OIG's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards<sup>TM</sup>, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the ACC.
- Internal auditors are free from undue influence and committed to making objective assessments.

### **OIG Mandate**

#### *Authority*

The Board of Governors (BOG) Regulation 4.002(1) – State University System Chief Audit Executives - states that 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, FAU established the OIG to fulfill the responsibilities of the Chief Audit Executive. This charter and the BOG regulation provides the authority for the OIG to carry out its duties and responsibilities. The OIG's authority is created by its direct functional reporting relationship to the ACC. Such authority allows for unrestricted access to the ACC.



The ACC authorizes the OIG to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish our objectives.
- Obtain assistance from the necessary personnel of FAU and other specialized services from within or outside FAU to complete internal audit services.

### ***Independence, Organizational Position, and Reporting Relationships***

The Inspector General will report functionally to the ACC of the BOT and administratively (e.g., day-to-day operations) to the University President. This reporting structure enables the Inspector General's services and responsibilities to be performed without interference from management, thereby establishing the independence of the OIG. (See "Mandate" section.) This positioning also provides the organizational authority and status to bring matters directly to senior management and escalate matters to the ACC, when necessary, without interference and supports the OIG's ability to maintain objectivity.

The Inspector General will confirm to the ACC, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the Inspector General will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Inspector General will disclose to the ACC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the Inspector General, ACC, University President, and Senior management on the OIG mandate or other aspects of the OIG charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the University.
- Significant changes in the Inspector General, ACC, and/or Senior Management.
- Significant changes to the University's strategies, objectives, risk profile, or the environment in which the University operates.
- New laws or regulations that may affect the nature and/or scope of OIG's services.



## **Professional Standards**

The OIG will adhere to the mandatory components of *The Institute of Internal Auditors' International Professional Practices Framework*– the Global Internal Audit Standards and Topical Requirements. The Inspector General will report annually to the ACC, the University President, and Senior Management regarding the OIG's conformance with the Standards, which will be assessed through a quality assurance and improvement program. 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*.

## **Inspector General Roles and Responsibilities**

### ***Ethics and Professionalism***

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, the Florida Code of Ethics for Public Officers and Employees, and the Institute of Internal Auditors (IIA) Code of Ethics.

The Inspector General will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the University.
- Report organizational behavior that is inconsistent with the University's ethical expectations, as described in applicable policies and procedures.

### ***Objectivity***

The Inspector General will ensure that the OIG remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Inspector General determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to the ACC Chair, University President, and Senior Management.



Each OIG staff will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Each OIG staff will have no direct operational responsibility or authority over any of the activities they review. Accordingly, OIG staff will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for FAU or its affiliates.
- Initiating or approving accounting or other transactions external to the OIG function.
- Directing the activities of any FAU employee that is not employed by the OIG function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

OIG staff will:

- Disclose impairments of independence or objectivity, in fact or appearance, to the Inspector General who will disclose them at least annually to the ACC, University President, and Senior Management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the OIG Function***

The Inspector General has the responsibility to:

- Develop the OIG operational strategies to fulfill its mandate and mission.
- At least annually, develop a risk-based and flexible internal audit work plan (including resources to accomplish the plan) that considers the input of the ACC, University President and Senior Management. Discuss the plan with the ACC, University President, and Senior Management and submit the plan to the ACC for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the ACC, University President, and Senior Management.
- Review and adjust the OIG work plan, as necessary, in response to changes in FAU's business, risks, operations, programs, systems, and controls.
- Communicate with the ACC, University President, and Senior Management if there are significant interim changes to the OIG's work plan.



- Conduct and coordinate internal audits, management advisory services, and investigations (that fall within the purview of OIG) relating to the programs and operations of the University and its Direct Support Organizations.
- 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.
- Investigate allegations of fraud, waste, abuse and other wrongdoings.
- 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.
- Keep the ACC, University President, and Senior Management informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the University, recommend corrective actions, and report on the progress made in implementing corrective actions.
- Ensure OIG audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards, laws and/or regulations.
- Monitor and follow up on OIG engagement findings and recommendations to confirm the implementation of management action plans designed to address engagement recommendations. The ACC, University President, and Senior Management will be provided with timely reports on the status of corrective actions taken to address engagement recommendations.
- Monitor implementation of audit recommendations issued by the Florida Auditor General when the recommendations are in violation of Florida Statutes or BOG regulations.
- Ensure the OIG collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the OIG mandate.
- Identify and consider trends and emerging issues that could impact the University and communicate to the ACC, University President, and Senior Management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the OIG function.
- Ensure OIG staff adherence to the University's relevant policies and procedures unless such policies and procedures conflict with the OIG Internal Audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the ACC, University President, and Senior Management.
- Ensure effective coordination and cooperation between the Florida Auditor General, federal auditors, other governmental bodies, and external auditors with a view towards avoiding duplication. If the Inspector General cannot achieve an appropriate level of coordination, the issue must be communicated to Senior Management and if necessary escalated to the ACC and University President.



### ***Communication with the ACC, University President, and Senior Management***

The Inspector General will report at least annually to the ACC, University President, and Senior Management regarding:

- The OIG mandate.
- The OIG audit work plan and budget, including resource requirements.
- The OIG performance relative to its work plan and budget. The Inspector General will provide an annual report by September 30<sup>th</sup>, summarizing OIG activities for the prior fiscal year.
- Significant revisions to the OIG work plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the OIG's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the ACC that could interfere with the achievement of University's strategic objectives.
- Management's responses to risk that the OIG determines may be unacceptable or acceptance of a risk that is beyond the University's risk appetite.

### ***Quality Assurance and Improvement Program***

The Inspector General will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the OIG function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the OIG function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the OIG function's deficiencies and opportunities for improvement.

Annually, the Inspector General will communicate with the ACC, University President, and Senior Management about the OIG's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the University; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.





## **Scope and Types of OIG Services**

The scope of OIG audit and investigative services covers the entire breadth of the University and its Direct Support Organizations (DSOs), including all of FAU's activities, assets, and personnel. OIG audit and investigative work will include all University programs, activities, colleges, schools, departments, auxiliaries, DSOs, and component units.

The scope of OIG activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the ACC, University President, and Senior Management on the adequacy and effectiveness of governance, risk management, and control processes for the University.

The OIG may perform advisory and related university service activities, either as the request of management or as determined by the OIG and included in its annual work plan. The nature and scope of advisory services may be agreed with the party requesting the service, provided the OIG function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

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





## Acknowledgments/Signatures

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Inspector General (Chief Audit Executive)

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Date

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University President

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Date

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Chair, Audit and Compliance Committee

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Date

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Chair, Board of Trustee

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Date

Revision Dates (updates made to document): May 2017, November 2021

Review Date (review performed, no updates): June 2024

Complete revision consistent with new Global Internal Audit Standards: February 2025