FLORIDA BOARD OF GOVERNORS NOTICE OF PROPOSED AMENDED REGULATION

DATE: April 1, 2022

REGULATION NUMBER AND TITLE: 4.002, State University System Chief Audit Executives

SUMMARY: This regulation recognizes that State University System of Florida chief audit executives are a point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency. It requires each board of trustees to have an audit and compliance committee with responsibilities defined in a charter. It also requires a charter for the office of chief audit executive which defines duties for audits, investigations and other activities that promote economy, efficiency, and effectiveness of university programs and operations.

The regulation provides for organizational independence of the chief audit executive through a functional reporting relationship to the board of trustees and provides the chief audit executive timely access to information and people necessary to carry out the duties of their office.

To maintain the applicability and relevance of Board of Governors Regulations, the Office of Inspector General and Director of Compliance recently reviewed the Chapter 4 regulations for possible amendments. The proposed amendments:

- Clarify, where applicable, reporting is to be to the Board of Governors Office through the Office of Inspector General and Director of Compliance;
- Add a new requirement for quarterly updates to the Board of Governors Audit and Compliance Committee of any chief audit executive vacancy of more than six months and the efforts to fill such vacancy; and
- Duplicate language from regulation 4.001, paragraphs (5) and (6), requiring university boards of trustees to adopt regulation(s) related to significant and credible allegations of fraud, waste, mismanagement, misconduct, and other abuses made against the university president, a board of trustees member, or chief audit executive.

FULL TEXT OF THE REGULATION IS INCLUDED WITH THIS NOTICE.

AUTHORITY TO PROPOSE REGULATION(S): Section 7(d), Art. IX, Fla. Const.; BOG Regulation Development Procedure dated March 23, 2006.

THE BOARD OF GOVERNORS' OFFICIAL INITIATING THE PROPOSED REGULATION: Julie Leftheris, Inspector General and Director of Compliance

COMMENTS REGARDING THE PROPOSED REGULATION SHOULD BE SUBMITTED WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO THE CONTACT PERSON IDENTIFIED BELOW. The comments must identify the regulation on which you are commenting:

General Counsel, Board of Governors, State University System, 325 W. Gaines Street, Suite 1614, Tallahassee, Florida 32399, (850) 245-0466 (phone), (850) 245-9685 (fax), or generalcounsel@flbog.edu.

- (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.
- (2) Each board of trustees shall establish a committee responsible for addressing audit, financial- and fraud-related compliance, controls, and investigative matters. For purposes of this regulation, this committee will be referred to as the audit and compliance committee. This committee shall have a charter approved by the board of trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors Office, through the Office of Inspector General and Director of Compliance (OIGC).
- (3) Each board of trustees shall adopt a charter which defines the duties and responsibilities of the office of chief audit executive. The charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors Office, through the OIGC. At a minimum, the charter shall specify that the chief audit executive:
 - (a) Provide direction for, supervise, and coordinate audits and investigations which promote economy, efficiency, and effectiveness in the administration of university programs and operations including, but not limited to, auxiliary facilities and services, direct support organizations, and other component units.
 - (b) Conduct, supervise, or coordinate activities that support

- (f) Review and make recommendations, as appropriate, concerning policies and regulations relat not limited to, auxiliary facilities and services, direct support organizations, and other component units.
- (g) Communicate to the president and the board of trustees, at least annually, the impact of resource limitations.
- (h) Provide training and outreach, to the extent practicable, designed to promote accountability and address topics such as fraud awareness, risk management, controls, and other related subject matter.
- (i) Coordinate or request audit, financial- and fraud-related compliance, controls, and investigative information or assistance as may be necessary from any university, federal, state, or local government entity.
- (j) Develop and maintain a quality assurance and improvement program for the office of chief audit executive.
- (k) Establish policies which articulate the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.
- (I) Inform the board of trustees when contracting for specific instances of audit or investigative assistance.
- (4) The board of trustees must:
 - (a) Adopt a

(c)	Conduct an	d report on audit	s, investigation	ns, and other in	quiries free of actual