USF System Audit Charter

This Charter identifies the purpose, authority, and responsibilities of University of South Florida System Audit.

I. Purpose

USF System Audit (Audit) provides independent, objective assurance and advisory services to the USF System Board of Trustees (BOT) in the effective discharge of their responsibilities. Audit facilitates the University of South Florida System (USF System or University) in accomplishing its goals and objectives through a systematic, disciplined approach to evaluating and improving risk management, internal control, compliance, and governance processes. Audit is responsible for coordinating activities that promote accountability, integrity, and efficiency in the operations of the USF System.

II. Authority

USF System Audit reports functionally to the BOT and administratively to the President and the Chief Operating Officer (COO). This reporting relationship ensures the organizational independence and objectivity of the Chief Audit Executive (CAE) in the performance of his/her responsibilities in a manner free from actual or perceived impairment. The CAE routinely reports significant risk exposures, control issues, fraud risks, governance issues, and other matters to the BOT. This reporting is done reporting through the BOT Audit & Compliance Committee as requested by the President and the BOT. The CAE conducts and reports on audits, investigations, and other inquiries free from actual or perceived impairments to the independence of USF System Audit.

In order to ensure independence, promote comprehensive audit coverage, and assure adequate consideration of Audit recommendations:

- Audit has full, unrestricted, and timely access to all USF System functions, including its direct support organizations (DSOs) and practice plans, activities, records, property, information systems, and personnel, including those records or activities exempt from the Public Records .aws, needed to fulfill its responsibilities. Any unresolved restrictions or barriers which restrict the scope or access of Audit to information or people necessary to perform its assigned duties will be addressed by the CAE. If such scope and access limitations cannot be remedied by the CAE after working with the BOT and university management, the CAE shall timely notify the Board of Governors (BOG) through its Office of the Inspector General and Director of Compliance (OIGC) of any such restrictions, barriers, or limitations.

- The CAE is responsible for ensuring confidential records obtained in the course of performing Audit activities are adequately secured and are not disclosed without established
authority.

- Audit has no direct operational responsibility or authority over any of the activities they review. Participation of Audit in the planning, development, implementation, or modification of university systems or processes is limited to an advisory or consulting role. This Audit role is managed so as to provide independence when conducting future assessments.
- Audit staff shall govern themselves by adherence to the International Standards for the Professional Practice of Internal Auditing (IIA), the IIA Code of Ethics, and the Florida Code of Ethics for Public Officers and Employees.

III. Responsibilities

Audit is responsible for assessing the various functions and control systems of the USF System and for advising management concerning their condition. While DSOs may obtain internal audit and compliance services from public accountants, consultants, and their own internal audit staff, Audit may also provide DSOs with internal audit and compliance services. Audit may also provide these services to other entities under the control and direction of the USF System at the request of management or the Board of Trustees.

Audit and CAE responsibilities include, but are not limited to, the following activities:

- Developing and submitting an Audit Work Plan to the BOT Audit and Compliance Committee and the President for annual review and approval. Such Audit Work Plan development utilizes an appropriate risk-based methodology which takes into consideration risk or control concerns identified by management.
- Evaluating risk exposures and the adequacy and effectiveness of controls within the governance, operations, and information systems of the USF System in responding to identified risk exposures. This evaluation of risk exposure and control assessment is performed in the context of the following:
  - Ability of the USF System to achieve its strategic objectives,
  - Reliability and integrity of financial and operational information,
  - Effectiveness and efficiency of operations and programs,
  - Safeguarding of assets, and
  - Compliance with laws, regulations, policies, procedures, and contracts, including controls designed to enhance and promote accountability.
- Providing audits, consulting services, and compliance oversight based on the following professional frameworks and standards:
  - International Professional Practices Framework, published by the IIA professional standards;
  - Information Technology Assurance Framework, published by the Information Systems Audit and Control Association (ISACA); and/or
  - Other professional standards as appropriate for the Audit engagement.
- Following up on findings appearing in Audit reports as well as those in reports and assessments issued by external audit entities, research sponsors, and other external parties. Such follow up by Audit will determine whether the corrective actions appearing in these reports and assessments have either been effectively implemented or senior management or the BOT have chosen to accept the risk of not taking these corrective actions.
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- Providing and issuing reports to the President, COO, BOT Audit & Compliance Committee, and others, as appropriate, on the following:
  - Audit work performed and resources utilized;
  - Status of internal and external audit recommendations; and
  - Significant unmitigated risks and/or noncompliance.
- Promoting, in collaboration with other appropriate University officials, effective coordination of external audit, review, and investigatory work performed at the USF System between the University and the State of Florida Auditor General, federal auditors, accrediting bodies, and other governmental or oversight bodies to facilitate effective, timely completion of these engagements.
- Provide training programs to USF System employees and management to assist in improving operational efficiency, effectiveness, and compliance. Such training programs are provided based on Audit work performed or as requested.
- Ensure compliance with all BOG reporting requirements as established by BOG Regulation 4.002.

Audit is responsible for the providing investigative services to all entities and support organizations, including auxiliary facilities and services, DSOs, and practice plans and other component units under the control and direction of the USF System. The investigatory responsibilities of the CAE include the following:

- Receiving complaints and conducting, supervising, or coordinating activities for the purpose of preventing and detecting fraud and abuse within University programs and operations, including serving as the BOT Audit & Compliance Committee-designated employee responsible for reviewing statutory whistleblower information and coordinating all activities of the USF System as required under the Florida Whistleblower’s Act and ensuring compliance with BOG Regulation 4.001.
- Providing direction for, initiating, conducting, supervising, and coordinating audits and investigations, which promote economy, efficiency, and effectiveness in the administration of University programs and operations, that fall within the purview of Audit, as appropriate. Investigative assignments shall be performed in accordance with professional standards issued for the State University System, consistent with the Association of Certified Fraud Examiner standards.
- Issuing final investigative reports to the appropriate USF System officials, the BOT, and the Board of Governors, which will include recommended corrective actions and reports on the progress made in implementing corrective actions if, in the CAE’s judgment, any significant and credible allegations and known occurrences of waste, fraud, mismanagement, abuses, and deficiencies relating to University programs and operations exist. When provided for by law, such reports shall be redacted to protect confidential, non-public information and the identity of individuals cited in the investigator reports.

To ensure Audit has the capabilities to perform the responsibilities and duties described herein, the CAE will:

- Review and make recommendations, as appropriate, concerning policies and regulations
related to the University’s programs and operations including, but not limited to, auxiliary facilities and services, DSOs, and other component units.

- Establish policies, which articulate steps for reporting and escalating matters of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.

- Hire and retain professional staff with sufficient knowledge, skills, experience, and professional certification to fulfill Audit’s responsibilities and the requirements of this Charter;

- Assure appropriate training and education designed to promote accountability and address topics such as fraud awareness, risk management, controls, and other related subject matter is provided to all Audit employees in accordance with applicable professional education standards.

- For specialized or technical engagements, hire consulting experts to effectively perform and complete the engagement and supplement Audit’s efforts.

- 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.

- Inform the BOT when contracting for specific instances of audit or investigative assistance.

- Develop and maintain a quality assurance and improvement program in accordance with professional standards, which includes an external assessment at least once every five years. Such external assessments are presented to the BOT Audit and Compliance Committee and forwarded to the BOG.

- Prepare an annual report for distribution to the President, BOT, and BOG which summarizes the following:
  - Audit activities for the preceding fiscal year;
  - Plans and resource requirements for the Audit office, including significant changes; and
  - Impacts of any resource limitations.
IV. Charter Review and Approval

The Board of Trustees-approved Audit Charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and USF System regulations, professional standards, and best practices. A copy of the approved Charter and any subsequent changes shall be provided to the Board of Governors.

Approved on: 3/9/17

Brian D. Lamb, Chair, Board of Trustees

Approved on: 3/10/2017

Judy L. Genshaft, USF System President

Approved on: 3/9/17

Virginia L. Kalil, Chief Audit Executive and Executive Director of USF System Audit