

**Office of Audit and Advisory Services
Audit Charter**

1. Introduction

The Office of Audit and Advisory Services at Florida State University (hereafter referred to as “OAAS” and the “University,” respectively) has prepared this Charter to serve as a guide in the performance of its duties. The Charter does not include, nor is it intended to include, all the duties and responsibilities of OAAS.

Investigations are performed to address alleged fraud, waste, abuse, or other wrongdoing, which could result in the loss or misuse of University resources. Such wrongdoing may come to the attention of OAAS during an audit or investigation or through reporting by University faculty, staff, students, or the general public.

2. Authority for OAAS

In September 2003, the Florida State University President (hereafter referred to as “President”) and the Board of Trustees (hereafter referred to as “BOT”) initially approved a charter for the Office of Audit Services. In November 2016, the Board of Governors (hereafter referred to as “BOG”) adopted Regulation 4.002 – State University System Chief Audit Executives. The BOT reaffirmed the charter in June 2021. On July 1, 2023, the FSU President and the BOT approved the change of the Office name to OAAS.

BOG Regulation 4.002 states, “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.”

3. Purpose

OAAS helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. OAAS works in conjunction with other offices and departments to monitor the risk management processes and provide assistance as needed. OAAS assists employees of the University in the effective discharge of their responsibilities, thereby protecting the resources and the students it serves.

4. Strategy

➤ **Strategic and Operational Risk Management**

- a. Identify and assess significant risks that could impact the University's operations, financial performance, and reputation.
- b. Evaluate the adequacy and effectiveness of risk management processes and controls.
- c. Promote a culture of risk awareness and accountability.

- d. Review and assess the efficiency and effectiveness of key business processes and internal controls and compliance with applicable laws, regulations, and policies.
- e. Identify opportunities for improvement and cost savings.
- f. Evaluate the effectiveness of the University's governance framework and internal control systems.

➤ **Implement Supporting Initiatives**

- a. Develop and maintain a comprehensive annual audit plan aligned with the University's strategic goals and risk profile.
- b. Conduct timely and thorough compliance reviews, investigations, and audits, including financial, operational, and information technology.
- c. Integrate data analytics and artificial intelligence tools into audit procedures to enhance accuracy and efficiency.
- d. Prepare clear and concise audit reports highlighting key findings, recommendations, and management action plans.
- e. Follow up on audit recommendations to ensure timely and effective implementation.
- f. Stay current with industry best practices and emerging trends in internal auditing.
- g. Build strong relationships with key stakeholders, including the Board of Trustees, University Leadership, and academic and administrative units.

➤ **Professional Development and Talent Management**

- a. Continuously train and develop staff to increase their auditing knowledge, skills, and abilities.
- b. Promote continued collaborations between auditing staff and University Leadership and stakeholders.
- c. Encourage staff to actively attend local and national professional auditing organizations' meetings and events and seek volunteer positions.
- d. Support staff in obtaining professional auditing certifications.
- e. Develop succession planning for all critical and key auditing positions.

5. Mission

OAAS' mission is to:

- a. Provide an independent, objective, and comprehensive program of auditing and investigations.
- b. Improve the University's operations through the provision of assurance and consulting services and investigations.
- c. Actively work with University Boards and Committees, management, faculty, and staff.

- d. Identify risks, evaluate controls, and make recommendations that promote economic, efficient, effective, unbiased, and ethical delivery of services.
- e. Evaluate and improve the effectiveness of risk management, control, and governance processes.

6. Vision

OAAS' vision is to add value and be trusted advisors for the University and the Board of Trustees. We will accomplish our vision by being an exemplary, professional audit and investigative Office that implements innovative processes, utilizes automation, performs robust risk-based assessments, and promotes ethical behavior.

7. Core Values

OAAS' core values are:

- a. Integrity – Ensure projects are performed with confidentiality, fairness, and objectivity. The basis of our existence, credibility, and effectiveness.
- b. Quality and Accuracy – Demonstrate excellence by performing audits/investigations that are accurate and timely and provide results and recommendations that will enhance operations.
- c. Innovative – Utilize automation and data analytics to support our systematic, disciplined approach to completing audits/investigations.
- d. Teamwork – Accomplish goals and objectives through collaborative efforts with faculty, staff, and external teams.
- e. Value Added – Identify process improvements and promote efficiencies that will result in the overall improvement for the University and/or quantifiable cost savings.

8. Organization

OAAS, headed by the Chief Audit Executive/Chief Audit Officer (hereafter referred to as CAO), serves as a central point in the University for coordinating and carrying out activities that promote accountability, integrity, and objectivity. The CAO will report directly and administratively to the President, functionally to the Chair of the BOT Audit and Compliance Committee (hereafter referred to as Chair A&C) and shall have unrestricted access to the BOT. This positioning provides the organizational authority and status to bring matters directly to the President and escalate matters, when necessary, to the BOT through the Chair A&C without interference and supports OAAS' ability to maintain objectivity.

The Chair A&C works in concert with the President prior to any action to hire or terminate the CAO. Any allegations related to wrongdoing by the CAO shall be reported to the BOG, President, Chairman of the BOT, and Chair A&C for their review and disposition.

9. Code of Ethics

All OAAS staff shall abide by the Florida Code of Ethics for Public Officers and Employees as provided for in Florida Law, any additional code of ethics or conflict of interest policy of the University, and the Code of Ethics/Conduct by the Association of Certified Fraud Examiners (ACFE), the Association of Inspectors General (AIG), and the Information Systems Audit and Control Association (ISACA).

The CAO will ensure that internal auditors conform to the *Global Internal Audit Standards*, including the Principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

10. Independence and Objectivity

- a. To permit independence and objectivity in mental attitude and appearance, OAAS will remain free from interference from any element in the University to include matters of topic selection, scope, procedures, frequency, timing, report content, and report issuance. OAAS will have no direct authority or responsibility over any of the activities audited. OAAS will not implement internal controls, develop and write policies or procedures, design or install systems, or engage in any activity that may impair independence or objectivity.
- b. OAAS may review management-initiated projects and provide advice and counsel to University departments. Management assistance activities that OAAS may perform shall meet professional auditing standards and result in management accepting responsibility for actions taken in response to accepted recommendations.
- c. OAAS staff will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activities or processes being examined.
- d. OAAS staff will make a balanced assessment of all relevant circumstances and not be unduly influenced by their own interests or those of others in forming conclusions on engagement results.

11. Authority and Access to Records

OAAS provides audit and investigative services to all entities of Florida State University, including schools, colleges, departments, auxiliary enterprises, and Direct Support Organizations (DSOs). Accordingly, OAAS is authorized to:

- a. Have unlimited and unrestricted access to all data, books, records, files, property, information systems, and personnel of Florida State University and its DSOs and component units as deemed necessary to carry out its duties and responsibilities.
- b. Have “right-to-audit” language in all University contracts.

- c. Allocate resources, establish schedules, select subjects, determine scopes of work, and apply techniques required to accomplish objectives.
- d. Obtain essential assistance and cooperation from personnel in areas of the University where audits and investigations are performed.

The President and the Chair A&C have the authority to request audits and advisory services to be added to the audit plan at their discretion. Decisions to amend the approved audit plan are made in light of the University's risk profile and available audit resources. Additionally, the CAO has the authority to direct OAAS to audit specific areas of the University.

12. Standards and Professionalism

Audit and compliance activities will be performed, documented, and communicated in accordance with the *International Professional Practices Framework* published by The IIA, which consists of the *Global Internal Audit Standards* and Topical Requirements. Other professional auditing standards may be followed, as applicable to OAAS.

Investigative services will be governed by adherence to Principles and Standards for Offices of Inspector General issued by the Association of Inspectors General, and the Standards for Complaint Handling and Investigations for the State University System of Florida.

OAAS will adhere to and be guided by applicable Florida law, as well as State University System Board of Governors, BOT, and University regulations, policies, and procedures.

13. Duties and Responsibilities

OAAS' responsibilities include, but are not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls, as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes, but is not limited to, the following:

- a. Develop an internal audit plan based on a prioritization of the audit universe using a risk-based methodology, including input from the BOT, President, and Executive Management.
- b. Perform assurance and consulting engagements and investigations in accordance with the annual audit plan, taking into consideration any special tasks or projects requested by the President, the BOT A&C, and University management.
- c. The CAO will review and adjust the plan as necessary in response to changes in the University's activities, risks, operations, programs, systems, and controls. Any significant deviation from the approved audit plan will be discussed with the President and BOT Audit Committee and communicated, as appropriate, to the BOT. In addition,

the CAO will communicate the impact of resource limitations and significant audit plan changes to the BOT A&C.

- d. Document OAAS' strategy, including vision, strategic objectives, and supporting initiatives, and review with the BOT A&C and Executive Management periodically.
- e. Provide the approved audit plan to appropriate University management and the BOG's Office of Inspector General. The audit plan will be revised as needed to meet the requests and needs of the President, BOT, and the University.
- f. Conduct follow-up activities for OAAS-issued audits annually. As warranted by the specific issues, follow-up activities may occur at any time to protect University financial and program operations.
- g. Periodically report in writing and verbally upon request to the BOT, President, and Executive Management on OAAS activities as well as its performance relative to: its audit plan; significant risk exposures and control issues, including fraud/abuse, risk, and governance issues; and other matters as needed or requested.
- h. Report at every BOT A&C meeting or at other times, depending on whether there are significant issues the Committee should be made aware of for their information, discussion, direction, and/or disposition.
- i. Recruit, develop, and retain professional staff with sufficient knowledge, skills, and experience, and professional certifications to fulfill the responsibilities of OAAS and ensure appropriate and required training and education are provided to staff in accordance with applicable professional education standards.
- j. OAAS staff will maintain confidentiality of all audit working papers and notes related to an audit and all information received, produced, or derived from an investigation, until such time as a final audit or investigative report is issued in accordance with applicable law.
- k. Maintain a reporting system that includes mechanisms available for anonymity or confidentiality, whereby University employees, students, vendors, contractors, and other interested parties may report or seek guidance regarding significant abuse, fraud, or criminal conduct, without fear of retaliation. In cases where a component of the reporting system is managed by another operational unit, the CAO shall have access to reported information.
- l. Work cooperatively with the University Compliance and Ethics Officer in the determination of issues that can be addressed most appropriately and efficiently jointly, or by one Office or the other.
- m. Provide training to the University community on internal control, risks management, fraud, abuse, administrative investigations, and other matters for which OAAS has expertise.
- n. Review all DSO financial statements and the related external audit reports issued for completeness and compliance with applicable Generally Accepted Accounting

Principles, Generally Accepted Government Auditing Standards, and applicable laws, rules, and regulations.

- o. Review management’s follow-up activities intended to address observations or recommendations of external audit or regulatory agencies to include any reports issued by the Auditor General, the Office of Program Policy Analysis and Government Accountability, a federal audit organization or its subcontractors, DSO external auditors, or others.
- p. Assist and provide technical advice and support to the BOT A&C in its selection of any external auditors/consultants to perform work within the University.
- q. OAAS will have primary responsibility for implementing, coordinating, and managing contracts involving external financial, performance, or compliance audits. OAAS will assist and provide technical advice and support to the BOT A&C in its oversight of DSOs that select external auditors/consultants to perform work for them.
- r. Distribute to the Board of Governors, BOT, President, and Executive Management an Annual Report that describes OAAS’ accomplishments and significant audits and investigations conducted during the preceding year. The report shall be issued by September 30 following the end of each fiscal year.

14. OAAS performs three types of projects:

a. Audits

Audits are assurance services defined as examinations of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes for the University. Examples include:

- Operational – designed to evaluate the effectiveness, efficiency, and reasonableness of a department’s operational processes.
- Compliance – designed to determine if activities are in compliance with applicable regulations, policies, procedures, and practices.
- Financial – designed to examine the accounting and reporting of financial transactions.
- Information Systems – designed to examine the accuracy, reliability, access controls, and security of information systems.

b. Advisory and Consulting Services

Advisory and consulting services are designed to add value to and improve the University’s risk management and control processes. These engagements are performed upon request by Executive Management or departmental managers. Consulting services offered by OAAS include risk and internal control assessments, workshops, and other services, as requested.

c. Investigations

Investigations are independent evaluations of allegations generally focused on improper organizational activities, including misuse of University resources, fraud, financial irregularities, significant internal control weaknesses, and unethical behavior or actions. Examples of other duties are as follows:

- Investigate allegations of suspected abuse/fraudulent activities within the University and provide to the BOG, President, University management, and the BOT A&C investigative reports issued. The final OAAS investigative report may also be distributed to any other parties deemed necessary by the CAO.
- Address allegations of waste, fraud, or financial mismanagement. The CAO will use professional judgment in assessing materiality such that it would be appropriate to inform the BOG Office of the Inspector General and the Director of Compliance of such allegations. Significant and credible allegations shall be addressed to meet the requirements of BOG Regulation 4.001.
- Investigate complaints received under the State Whistle-blowers Act pursuant to sections 112.3187-112.31895, Florida Statutes, as applicable.
- Report allegations received by OAAS that the CAO has reason to believe involve potential violations of criminal law to the University Police, other law enforcement agencies, and other responsible state or federal agencies, as appropriate.
- Report information received of known or suspected child abuse, abandonment, or neglect committed on the property of the University or during an event or function sponsored by the University to the Florida Department of Children and Families.
- Assist University Police and other law enforcement organizations with criminal, financial, and other investigations as requested.

15. Quality Assurance and Improvement Program

OAAS will maintain a Quality Assurance and Improvement Program (QAIP) that complies with the *Global Internal Audit Standards*, as published by The IIA. The CAE will develop, implement, and maintain a QAIP that covers all aspects of the internal audit function. The program will include internal and external assessments of the internal audit function's conformance with the *Global Internal Audit Standards*, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program will also assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the CAO will communicate to the President, Chair A&C, and Executive Management on the internal audit function's QAIP, including the results of internal

assessments (ongoing monitoring and periodic self-assessments) and external assessments, which are conducted at least every five years, and any action plans to address any identified deficiencies or opportunities for improvement.

_____ President, Florida State University	_____ Date
_____ Board of Trustees' Chair, Audit and Compliance Committee	_____ Date
_____ Chief Audit Officer, Florida State University	_____ Date

History: 9-2003; revised: 8-18-2010; 11-19-2012; 3-4-2016; 6-7-2018; 6-6-2019; 8-30-2023; 2-28-2025

Note: Charter not changed but reaffirmed: 2-21-17, 6-3-2020