Office of Internal Audit and Compliance Charter

This Charter identifies the purpose, authority, and responsibilities of the Office of Internal Audit and Compliance for New College of Florida (New College).

I. Purpose

The Office of Internal Audit and Compliance (OIAC) provides New College with independent and objective assurance, investigation, and advisory services to promote accountability, integrity, and efficiency in the programs and operations of New College. Through the evaluation and enhancement of governance, risk management, internal control and compliance, the OIAC will seek opportunities to assist New College management and the Board of Trustees in the effective discharge of their responsibilities and achievement of New College's strategic plan, mission, goals and objectives.

II. Authority

The OIAC is mandated by State University System of Florida Board of Governor's regulation 4.002. In accordance with the regulation, the OIAC reports functionally to the Board of Trustees Audit and Compliance Committee and administratively to the President of the university. This reporting relationship ensures the organizational independence and objectivity of the Chief Audit Executive and Chief Compliance Officer (CAE/CCO). The Board of Trustees Audit and Compliance Committee will approve the Internal Audit and Compliance Charter, annual risk-based audit and Compliance and Ethics Program Plan (Compliance Plan), annual budget and resource plan, and the appointment, remuneration, and removal of the Chief Audit Executive and Chief Compliance Officer.

OIAC has timely, full and unrestricted access to all New College functions, including Direct Support Organizations (DSO), records, systems, data, property, and personnel in possession or control of New College. Any restrictions or barriers which limit the scope or access of information or people necessary to perform the OIAC functions will be remediated through the President and the Board of Trustees (Board). If remediation is unsuccessful, the CAE/CCO shall timely notify the Board of Governors through its Office of the Inspector General and Director of Compliance (OIGC) to remedy any such restrictions, barriers, or limitations. The Chief Audit Executive and Chief Compliance Officer will confirm to the Board, at least annually, the organizational independence of the internal audit and compliance activities.

OIAC is responsible for ensuring confidential records obtained in the course of its activities are adequately secured and are only disclosed in accordance with Florida and Federal statutes.

OIAC has no direct operational responsibility or authority over any reviewed activities. Participation of the OIAC in the planning, development, implementation, or modification of New College systems, operations, or processes is limited to an advisory role. This role is managed so as to provide independence and objectivity when conducting future assessments.

III. Professionalism

All OIAC personnel shall adhere to the Institute of Internal Auditor's mandatory guidance including the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practices of Internal Auditing; as well as the Florida Code of Ethics for Public Officers and Employees, *Government Accounting Standards*, published by the US Government Accountability Office; the Standards for Complaint Handling and Investigations for the State University System of Florida, as adopted by the State University Audit Council ("SUAC Investigative Standards"); *Information Systems Auditing Standards*, published by the Institute of Information System Audit and Control Association, and the Committee of Sponsoring Organization's (COSO) Risk Management Framework. The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to New College's regulations, policies and procedures.

IV. Responsibilities

The scope of the OIAC encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of New College's governance, risk management, internal controls, and Compliance Plan as well as the quality of New College's performance in achieving the institution's stated mission, goals and objectives. The OIAC will also promote accountability and conduct investigations of allegations of misconduct. The OIAC responsibilities include, but are not limited to, the following activities:

A. Internal Audit

1. Develop a COSO risk assessment based annual Internal Audit and Compliance Plan to:
    a. evaluate material exposures to the achievement of New College's mission, goals, and strategic plan objectives.
    b. evaluate the reliability and integrity of information provided to management, the Board, and outside regulatory authorities including the means to collect, input, verify, identify, measure, classify and report on the data.
    c. evaluate plans and systems used to assure compliance with government and New College regulations as well as policies, plans, procedures and statutes which could have a material impact on the success of the institution.
    d. evaluate the safeguarding of material assets and authorization of material liabilities including the verification of existence and proper financial reporting of such.
    e. evaluate the effective and efficient use of New College resources.
    f. evaluate operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
    g. monitor and evaluate governance processes.
    h. monitor and evaluate the effectiveness of the organization's risk management processes.
    i. evaluate the quality of performance of external auditors and the degree of coordination with internal audit.
    j. performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.

k. evaluating specific operations at the request of the Board or management, as appropriate.

2. Submit an annual Audit and Compliance Plan to the Board for approval. The Audit and Compliance Plan will include a schedule of audit and compliance activities as well as budget and resource requirements. The Audit and Compliance Plan will be developed based on a prioritization of the audit universe using the COSO risk framework methodology, including input of senior management and the Board. The Compliance Program shall be reasonably designed to optimize its effectiveness in preventing or detecting noncompliance, unethical behavior, and criminal conduct, as appropriate to the institution's mission, size, activities, and unique risk profile; and developed consistent with the Code of Ethics for Public Officers and Employees contained in Part III, Chapter 112, Florida Statutes; other applicable codes of ethics; and the Federal Sentencing Guidelines Manual, Chapter 8.The Chief Audit Executive will review and adjust the Audit and Compliance Plan, as necessary, in response to changes in New College's business, risks, operations, personnel, programs, systems, and controls. Any significant deviation from the approved Audit and Compliance Plan will be communicated to senior management and the Board through periodic activity reports. The approved Audit and Compliance Plan and substantive changes will be forwarded to the Board of Governors through the Office of Inspector General and Director of Compliance (OIGC).

3. Provide audits, advisory services, and compliance oversight based on the International Professional Practices Framework, published by the IIA professional standards and other professional standards as appropriate for the Audit engagement.

4. Prepare a report at the conclusion of each audit, review, investigation, management assist or other formal OIAC activity to communicate the results including any substantive findings including material exposures and control issues, including fraud risks, and/or governance issues. These reports shall include management's action plans and the extent to which the applicable standards, as referenced above in the Professionalism section, were followed. Reports with substantive findings will be forwarded to the Board of Governor's OIGC.

5. The OIAC will periodically follow up on the extent to which management has completed their proposed action plans for Board OIAC findings as well as those in reports and assessments issued by external audit entities. Such follow up will determine whether the corrective actions have either been effectively implemented or Senior Management and/or the Board have chosen to accept the risk. In those instances where significant risk of waste, fraud, and/or financial mismanagement remain, the OIAC will notify the Board of Governor's OIGC.

6. Report annually on the internal audit activity's purpose, authority, responsibility, and performance relative to its Annual Audit and Compliance Plan.

7. Arrange for an objective external assessment of its programs every five (5) years in accordance with the IIA standards and Board of Governors regulation 4.002. The assessment results and any related recommendations for improvement shall be

provided to New College's Board and the Board of Governor's OIGC.

8. Promote, in collaboration with other appropriate university officials, effective coordination between the university and the Florida Auditor General, federal auditors, accrediting bodies, and other governmental or oversight bodies.

B. Compliance

1. Develop and implement a Compliance and Ethics Program Plan (Compliance Plan). The Compliance Plan and any substantive changes shall be approved by the Board and a copy provided to the Board of Governor's OIGC.

2. Communicate routinely to the President and the Board regarding the results of Compliance Plan activities and provide an annual report on the effectiveness of the Compliance Plan. A copy of the annual report shall be provided to the Board of Governor's OIGC.

3. Facilitate the designation of compliance partners for various program areas throughout New College. Such designations will be based on an assessment of risk for a program area. If so designated, the individual shall coordinate and communicate at least annually with the Chief Audit Executive and Chief Compliance Officer on matters relating to the Program.

C. Investigation

1. Pursuant to Board of Governor's Regulation 4.002 State University System Chief Audit Executives, the OIAC shall initiate, conduct, supervise, or coordinate investigations of significant and credible allegations that fall within the purview of the OIAC and be designated as the employee to review statutory whistle-blower information and coordinate all activities of New College as required by the Florida Whistle-blower's Act. Investigative assignments will be performed in accordance with professional standards discussed in the Professionalism section.

2. Keep the president and board of trustees informed concerning significant and credible allegations and known occurrences of fraud, waste, abuses, mismanagement, and deficiencies relating to university programs and operations; recommend corrective actions; and report on the progress made in implementing corrective actions.

IV. Charter Review and Approval

The Board of Trustees approved Office Internal Audit and Compliance Charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and New College of Florida 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: _____

Ron Christaldi, Chair, Board of Trustees

_____ Approved on: _____

Richard Corcoran, President

_____ Approved on: _____

Alexander G. Tzoumas, CAE/CCO