

## **FSU-2.027 Fraud Prevention, Detection, Reporting, and Investigation**

(1) Intent. Florida State University is committed to the establishment of an environment and culture that promotes honest and accountable actions and the elimination of fraudulent activities in all areas of administration and operation. Further, the University reaffirms its longstanding duty and responsibility to aggressively combat and respond to fraudulent activity.

(2) Purpose. An antifraud framework is established for the prevention, detection, reporting, and investigation of alleged fraudulent activities affecting the University. This framework provides a definition of fraud, a university-wide statement and response to attempted and committed fraudulent acts, applicability of the framework to the University community, responsibility for designing, implementing, and overseeing the framework, processes for reporting alleged fraud, responsibility for investigating alleged fraud and reporting investigation conclusions, protections to persons reporting suspected fraud, actions to be taken when alleged fraud is identified or substantiated, and a requirement for annual evaluation and reporting to the Board of Trustees on the status of the framework.

(3) Definition of fraud. An intentional misrepresentation or concealment of a material fact for the purpose of obtaining a benefit that would not otherwise be received, or inducement of another to act upon the intentional misrepresentation or concealment to his or her detriment. Fraud can be committed through many methods, including mail, wire, telephone, and the internet. Fraudulent acts may include, but are not limited to:

- a. Benefitting from the use or misappropriation of University funds, securities, property, supplies, or other assets;
- b. Receiving reimbursement as a result of falsification of time sheets, travel claims, and other expenses;
- c. Benefitting from the use of sponsored research personnel, property, labs, and other resources to develop software and other products and then selling the products through one's own private company;
- d. Receiving a benefit as a result of participating in the falsification of a record or document or an application for employment, admission, a student loan,

scholarship, or grant; and

- e. Diversion or use of University people, time, money, or other assets for private use.

(4) University-wide statement and response to attempted and committed fraudulent acts. The University will establish and maintain strong internal controls to provide reasonable assurance that fraudulent acts committed against the University will be discovered. Further, the University affirms a “zero-tolerance” for persons determined to have committed a fraudulent act resulting in the loss or misuse of University resources. In support of this statement, the University will fully assist and cooperate in all applicable investigative processes and legal proceedings associated with alleged fraudulent activities.

(5) Applicability of the antifraud framework to the University community. Each employee, volunteer, board member, student, and vendor contracting or doing business with the University is responsible for compliance with this regulation. Such compliance requires an awareness of fraud prevention and detection activities, timely reporting of suspected fraudulent activity, and cooperating with investigative agencies by providing information and such other assistance as requested.

(6) Responsibility for designing, implementing, and overseeing the antifraud framework and strategies. The University Vice President for Finance and Administration shall be responsible for designing and overseeing the antifraud framework and strategies. The Vice President for Finance and Administration shall develop policies for the prevention, detection, reporting and investigation of suspected fraudulent activity. Prevention and detection policies shall include the development and adoption of strong internal controls. Administrators, deans, directors, and department heads are responsible for implementing and monitoring the antifraud framework and for making recommendations to the Vice President for Finance and Administration to further strengthen controls. Committees may be established as needed to assist in policy development, to communicate the antifraud framework, and to periodically report on progress or impediments to implementation.

(7) Processes for reporting alleged fraud. Suspected fraudulent activity should be reported to the Office of Inspector General Services (OIGS) which has primary responsibility for

conducting fraud investigations. The OIGS should be notified directly, by mail or e-mail, through the OIGS website, or through the University fraud hotline. The OIGS will notify the Florida State University Police Department if reported fraudulent activity is indicative of a crime. The University Police Department and the OIGS will work together to coordinate efforts with external law enforcement and prosecutorial agencies as appropriate. Even in those cases where fraud is not substantiated, the OIGS may continue to investigate to determine whether administrative violations have occurred which warrant further University action.

(8) Protections afforded persons reporting suspected fraud. Faculty, staff, students, and others reporting suspected fraud in good faith will be provided maximum protections in accordance with applicable law, regulation, and policy.

(9) Actions to be taken when alleged fraud is identified or substantiated. University actions in response to identified or substantiated fraud may include appropriate disciplinary action, recovery of assets/losses, referral to law enforcement/prosecuting agencies, and/or review and remediation of internal control deficiencies and policies. Credible allegations that pose significant financial or reputational risk to the University shall be reported to senior management, the Board of Trustees, or the Board of Governors, as considered appropriate. Documents collected during the course of an investigation identified as confidential pursuant to law shall remain confidential. Other documents collected that do not have confidentiality protections in law shall remain confidential until such time as the final investigative report is issued.

(10) Any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, and other abuses made against the university president or a university board of trustees member shall be timely reported to the Board of Governors (BOG), through the BOG Office of Inspector General and Director of Compliance (OIGC) . Such allegations will be handled as follows:

- a. The chair of the university board of trustees (or chair of the board of trustees' committee responsible for handling audit matters if the allegations involve the board chair), in consultation with the chair of the Board of Governors, shall review the matter

and may ask the OIGC to conduct a preliminary inquiry, in accordance with section 10.2.a. of the OIGC charter. If it is determined that an investigation is warranted, it shall take one of the following forms:

1. The board of trustees will hire an independent outside firm to conduct the investigation with OIGC guidance and monitoring; or
2. The OIGC will perform the investigation.

(b) At the conclusion of such investigation, the report shall be submitted to the subject, who shall have twenty (20) working days from the date of the report to submit a written response. The subject's response and the investigator's rebuttal to the response, if any, shall be included in the final report presented to the chair of the board of trustees and the Board of Governors' Audit and Compliance Committee. In the event the board of trustees chair is the subject, the report shall be submitted to the chair of the board of trustees audit and compliance committee.

(11) Any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, and other abuses made against the university chief audit executive or chief compliance officer shall be timely reported to the board of trustees and Board of Governors through the BOG OIGC. Such allegations will be handled in the same manner as provided for in (11) (a) and (b) above.

(12) Periodic evaluation and reporting to the Board of Trustees on the antifraud framework. At least annually, the OIGS shall perform an evaluation of the antifraud framework and make recommendations, as needed, to improve the framework. The Chief Audit Officer shall discuss conclusions and recommendations with the Vice President of Finance and Administration and shall present evaluation results to the President and Board of Trustees.

Authority: Art. IX, Section 7, Fla. Const., BOG Regulation 3.003, 1.001(6), BOG Regulation Procedure July 21, 2005. History: New 11-12-2021, Amended. \_\_\_\_\_