

**FLORIDA BOARD OF GOVERNORS  
NOTICE OF PROPOSED AMENDED REGULATION**

**DATE:** April 1, 2022

**REGULATION NUMBER AND TITLE:** 4.001, University System Processes for Complaints of Waste, Fraud, or Financial Mismanagement

**SUMMARY:** 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. This regulation is being amended to add clarifying language. It requires each university board of trustees to establish a process to report and investigate allegations of fraud, waste, abuse, or financial mismanagement. Similarly, it outlines how the Board of Governors will process allegations related to university fraud, waste, abuse, or financial mismanagement and how it will determine a university board of trustees is either unwilling or unable to address the allegation.

This regulation has been reviewed internally by Board Office staff and externally by appropriate university representatives through the established regulation development process. The Committee approved the regulation draft on March 29, 2022, and the Board of Governors approved it for notice of intent to amend. It will then be noticed on the Board's website for 30 days and presented to the Board of Governors for final approval consideration at the June 2022 meeting.

**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](mailto:generalcounsel@flbog.edu).

#### 4.001 University System Processes for Complaints of Fraud, Waste, FraudAbuse, or Financial Mismanagement

(1) The Office of Inspector General and Director of Compliance (OIGC) for the State University System of Florida Board of Governors shall be organized to promote accountability, efficiency, and effectiveness, and to detect fraud and abuse within state universities. The OIGC charter is incorporated herein by this reference.

(2) Each board of trustees shall have a process for university staff, faculty, students, and board of trustees' members to report allegations of ~~waste~~, fraud, waste, abuse, or financial mismanagement to the university chief audit executive.

(3) Significant and credible allegations are those that, in the judgment of the chief audit executive, require the attention of those charged with governance and have indicia of reliability. For significant and credible allegations of ~~waste~~, fraud, waste, abuse, or financial mismanagement within the university and its board of trustees' operational authority, the chief audit executive shall timely provide the OIGC sufficient information to demonstrate that the board of trustees is both willing and able to address the allegation(s). If the information provided by the chief audit executive does not clearly demonstrate that the board of trustees is both willing and able to address the allegation(s), then the OIGC will conduct a preliminary inquiry in accordance with section 10.2.a of the OIGC charter.

(4) Upon the OIGC's receipt of a complaint, the OIGC will evaluate the nature of the allegation(s) to determine operational authority, proper handling, and disposition. University-related allegations will be handled as described below:

(a) Such allegations will be referred to the university chief audit executive for appropriate action without regard to the final responsible entity at the university. As appropriate, a copy of the referral will be provided to the chief compliance officer and general counsel. For significant and credible allegations of fraud, waste, ~~fraud~~abuse, or financial mismanagement, the chief audit executive shall provide the OIGC with university action and final case disposition information sufficient to demonstrate that the board of trustees was both willing and able to address such allegations.

(b) When case disposition information does not clearly demonstrate that the board of trustees was both willing and able to address significant and credible allegation(s), then the OIGC will conduct a preliminary inquiry in accordance with section 10.2.a of the OIGC charter.

(5) Each board of trustees shall adopt a regulation which requires timely notification to the Board of Governors, through the OIGC, of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, and other abuses made against the

university president or a board of trustees' member. Such allegations will be handled as follows:

- (a) The chair of the board of trustees (or chair of the board of trustees' audit and compliance 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 by the chair of the board of trustees (or chair of the board of trustees' audit and compliance committee if the allegations involve the board chair) and the chair of the Board of Governors or through an OIGC preliminary inquiry 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~~ provided to the ~~chair of the~~ board of trustees and the Board of Governors ~~Audit and Compliance Committee~~.
- (6) The board of trustees' regulation shall articulate how the university will address any significant and credible allegation(s) of fraud, waste, abuse, or financial mismanagement, misconduct, and other abuses made against the chief audit executive or chief compliance officer.

Authority: Section 7(d), Art. IX, Fla. Const.; History: New 11-3-16, Amended mm-dd-yy.