FLORIDA BOARD OF GOVERNORS
NOTICE OF PROPOSED NEW REGULATION

DATE: January 29, 2021

REGULATION NUMBER AND TITLE: 3.003 Fraud Prevention and Detection

SUMMARY: This regulation strengthens the State University System's stance on and fight against fraud. It provides a definition for fraud and requires each university board of trustees to adopt a regulation establishing criteria related to institutional controls and a risk management framework that will provide a reasonable assurance that fraudulent activities will be prevented, detected, reported, and investigated, as appropriate, at their institutions.

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.

3.003 Fraud Prevention and Detection

(1) The Board of Governors is committed to creating an organizational culture where risk management structures are established to prevent and detect fraud within each state university.

(2) Fraud is defined as 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.

(3) Each university board of trustees shall adopt a regulation establishing criteria related to appropriate institutional controls and risk management framework that provide reasonable assurance that fraudulent activities within the university's areas of responsibility are prevented, detected, reported, and investigated. The regulation should include at a minimum:

  (a) A zero-tolerance statement concerning fraudulent activity;

  (b) A definition of fraud and a description of what constitutes fraudulent activities;

  (c) A statement regarding the applicability of the regulation to all members of the university community, including board of trustees members, university employees, entities contracting with or doing business with the university, vendors, volunteers, and students;

  (d) The identification of a member or unit within management responsible for designing and overseeing the university's antifraud framework/strategies;

  (e) A delineation of responsibilities for the prevention, detection, reporting, investigation, and remediation of fraud;

  (f) A mechanism for reporting suspected fraud and a description of the protections afforded to those who make a report in good faith;

  (g) Actions to be taken when fraud is identified or substantiated, which may include:

      1. Appropriate disciplinary action in accordance with any collective bargaining agreements and/or in consultation with appropriate institutional offices;

      2. Recovery of assets/losses;

      3. Referral to and/or coordination with law enforcement; and

      4. Review and remediation of internal control deficiencies.

  (h) A process for alerting, as appropriate, senior management, the board of trustees, and the Board of Governors about instances of fraud or investigative outcomes concerning fraud; and

      (i)   Periodic evaluation and reporting to the board of trustees, at least annually, of the status of the antifraud framework used and any necessary revisions to improve the framework.

(4) The regulation shall be reviewed at least every five (5) years for currency and consistency with applicable Board of Governors and university regulations.

Authority: Section 7(d), Art. IX, Fla. Const., History – New #-#-2021.