



Item: AC: A-1

Audit & Compliance Committee

Tuesday, June 27, 2017

SUBJECT: NEW REGULATION 7.007 – PROCESS FOR COMPLAINTS OF WASTE, FRAUD OR FINANCIAL MISMANAGEMENT

PROPOSED COMMITTEE ACTION

Request for approval of New Regulation 7.007 – Process for Complaints of Waste, Fraud or Financial Mismanagement.

BACKGROUND INFORMATION

FAU Regulation 7.007 governs University processes for complaints of waste, fraud or financial mismanagement consistent with Board of Governors (BOG) Regulation 4.001. The new regulation provides the following:

- A process for university staff, faculty, students and board of trustees members to report allegations of waste, fraud, or financial management;
- Timely notification to the Office of Inspector General and Director of Compliance (OIGC) for the State University System of Florida Board of Governors that the Board of Trustees is willing and able to address significant and credible allegations of waste, fraud, or financial mismanagement and provide the final disposition of the matter as well as a process to address such allegations;
- A process to timely notify and address significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuses made against the university president or board of trustees member; and
- A process to notify and address significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuses made against the chief audit executive or chief compliance officer.

IMPLEMENTATION PLAN/DATE

The regulation will become effective immediately upon Board of Trustees approval.

FISCAL IMPLICATIONS

N/A

Supporting Documentation:

Presented by: Morgan Kim, Chief Compliance Officer

Regulation 7.007

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Florida Atlantic University

Regulation 7.007 Process for Complaints of Waste, Fraud or Financial Mismanagement

The Florida Atlantic University Board of Trustees authorizes the following process for handling complaints related to waste, fraud or financial mismanagement.

- (1) **Allegations of waste, fraud or financial mismanagement.** Members of the University's staff, faculty, student body, or board of trustees may report complaints related to waste, fraud or financial mismanagement to the Chief Audit Executive/Inspector General. Reports may be submitted through the University's Office of Inspector General's website, by contacting the Office of Inspector General directly, or by contacting the Chief Compliance Officer. If an individual contacts the Chief Compliance Officer to submit allegations of waste, fraud or financial mismanagement, the Chief Compliance Officer shall forward such complaint to the Chief Audit Executive/Inspector General for further review and handling and shall provide a copy of the complaint to the General Counsel.
- (2) **Significant and credible allegations of waste, fraud or financial mismanagement received by the Office of Inspector General.** The term "significant and credible" as used in this regulation are those that, in the judgment of the Chief Audit Executive/Inspector General, require the attention of those charged with governance and have an indicia of reliability. If the Chief Audit Executive/Inspector General receives allegations of waste, fraud or financial mismanagement that are significant and credible and fall within the University's operational authority, the Chief Audit Executive/Inspector General shall timely provide the Office of Inspector General and Director of Compliance (OIGC) for the State University System of Florida Board of Governors with sufficient information to demonstrate that the Board of Trustees is both willing and able to address the allegations and shall provide a copy of such submittal to the General Counsel. The Chief Audit Executive/Inspector General shall then take such action as is necessary to cause the matter to be investigated and resolved in accordance with the policies and procedures of the Office of the Inspector General, University Policy 1.9, or section (3) or (4) below, as appropriate. At the conclusion of the matter, the Chief Audit Executive/Inspector General shall provide the OIGC and Board of Trustees with the University's action and final case disposition information sufficient to demonstrate that the Board of Trustees was both willing and able to address such allegations.
- (3) **Significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuses made against the University President or Board of Trustees member.** The Chair of the Board of Trustees (or the Chair of the Audit and Compliance Committee if the allegation involves the Board Chair) shall timely notify 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, and will consult with the Chair of the Board of Governors to review and address the matter in accordance with the provisions of Board of Governors Regulation 4.001.
- (4) **Significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuses made against the Chief Audit Executive/Inspector General or Chief Compliance Officer.** If the University receives a significant and credible allegation of fraud, waste, mismanagement, misconduct, or other abuse against the Inspector General or the Chief Compliance

Officer, the President and the Chair of the Audit and Compliance Committee will consult to review the matter and timely provide the OIGC with sufficient information to demonstrate that the Board of Trustees is both willing and able to address the allegations. If, after review, an investigation is warranted, the Chair of the Audit Committee may either hire an independent outside firm to conduct the investigation with the Chair and General Counsel's guidance and monitoring, or direct the Office of Inspector General to conduct the investigation if appropriate. At the conclusion of the investigation, the report shall be submitted to the subject, who shall have twenty (20) working days from the date of submission of the report to submit a written response. The subject's response along with any rebuttal by the investigator shall be included in the final report presented to the President, the Chair of the Audit and Compliance Committee, and the OIGC.

Specific Authority: Section 7(d), Article IX of the Florida Constitution and Board of Governors Regulation 1.001 and 4.001; History—New 6-6-17.