

# THE FLORIDA POLYTECHNIC UNIVERSITY BOARD OF TRUSTEES

## **FPU-1.0125 Fraud Prevention and Detection**

**(1) Policy.** The University is committed to creating an organizational culture that proactively identifies potential fraud scenarios, discourages the commitment of fraud, and provides encouragement to report potential fraud. This regulation establishes University criteria related to appropriate institutional controls and risk management framework to provide reasonable assurance that fraudulent activities within the University's areas of responsibility are prevented, detected, reported, and investigated.

**(2) Applicability.** This regulation applies to all members of the Florida Polytechnic University community, including board of trustees members, University employees, entities contracting with or doing business with the University, vendors, volunteers, and students ("University Community"). This regulation aligns with Florida Board of Governors regulations 3.003 and 4.001 and complies with the applicable provisions of the Code of Ethics for Public Officers and Employees, to the extent that Part III of Chapter 112, Florida Statutes, applies.

### **(3) Definitions.**

- (a) 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.
- (b) Fraud Prevention: Hindering, precluding, stopping, or intercepting the performance of fraud.
- (c) Fraud Detection: Finding, discovering or bringing out facts which have been hidden related to the occurrence of fraud.

**(4) Zero Tolerance.** The University is committed to the highest standards of ethical behavior and therefore has a "zero tolerance" threshold for fraudulent activities. Examples of fraudulent activities include, but are not limited to:

- (a) Forgery or alteration of University or University-related documents, electronic records or accounts.
- (b) Misappropriation, or theft of funds, securities, supplies, equipment, or other University or University-related assets.
- (c) Impropriety in the handling or reporting of University or University-related money or financial transactions.
- (d) Authorizing or receiving payment for goods not received or services not performed.
- (e) Receiving reimbursement as a result of falsification of time sheets, travel claims and claims for other expenses.
- (f) Improperly taking information and using it, or providing information to others, which would lead to identity theft, and/or participation in any activity that is intended to initiate an identity theft scheme.

- (g) The willful and/or intentional destruction, mutilation, alteration, concealment, covering up, falsification or making of a false entry in any record, document or tangible object with the intent to impede, obstruct or influence any investigation or audit by the University or by any state, federal or administrative agency.
- (h) The willful and/or intentional destruction, alteration or concealment of any records to be used in the conduct of a bid/vendor selection, contract execution, or pursuit of debt financing.

**(5) Fraud Prevention and Detection Criteria.** The University hereby identifies the following fraud prevention and detection criteria:

- (a) Fraud Prevention and detection. The Vice President of Administration and Finance, in conjunction with the Cabinet, University Audit & Compliance (UAC), and administrators at all levels of management, will design and oversee, an antifraud framework and strategies (“antifraud framework”).

Administrators at all levels of management are expected to set the appropriate tone by displaying the proper attitude toward complying with laws, University regulations and policies, and ethical requirements. Administrators are responsible for establishing and maintaining proper internal controls which provide for the security and accountability of the resources entrusted to them. In addition, administrators should be cognizant of the risks and exposures inherent in their areas of responsibility and should be aware of the symptoms of fraudulent or other wrongful acts.

All levels of management should become familiar with the types of improprieties that might occur in their areas and be alert for any indication that such an impropriety, misappropriation, or other fiscal irregularity has occurred. Vice presidents are responsible for ensuring that a system of internal controls is established and maintained that provides reasonable assurance that improprieties are prevented. All levels of management should establish and follow controls necessary for their division or unit.

- (b) Reporting of Alleged or Known Fraud. It is the responsibility of each member of the University Community, having a reasonable basis to believe that fraudulent activity is occurring or has occurred, to report the fraud by contacting UAC as outlined in University Regulation FPU-1.015, Allegations of Waste, Fraud, Financial Mismanagement, Misconduct, and Other Abuses. Individuals should not attempt to personally conduct investigations or interviews.
  1. Any member of the University Community who suspects or who has knowledge of a fraud shall immediately notify their supervisor and/or UAC. Supervisors aware of such instances of reported fraud shall notify UAC.
  2. An individual may also make a report by contacting the UAC directly or through the various options available through the [Compliance Hotline](#) that is administered by UAC. An anonymous reporting option is available through the hotline, if desired.

(c) Rights and Protections of the Reporting Individual.

1. Confidentiality. The University will treat all information received confidentially to the extent permitted under applicable law. To the extent permitted, investigation results will not be disclosed or discussed with anyone other than those individuals who have a legitimate need to know.
2. Whistle-blower Protection. UAC shall assess each reported complaint to determine if the allegations fall under the Whistle-blower Act (Sections 112.3187 – 112.31895, Florida Statutes). If it is determined that the reported allegations fall under the Whistle-blower Act, then the person who reported the wrongful acts or suspected acts in good faith is protected against retaliation for making such report and the person shall be notified of their protections under said Act.
3. Retaliation Prohibited. This regulation is intended to encourage the reporting of fraud or suspected fraud; therefore, individuals who report such conduct in good faith, and those cooperating with the ensuing investigation, are protected from retaliation. Retaliation, or otherwise taking adverse action, against any member of the University Community because that individual reported or filed a complaint alleging a violation or testified or participated in an investigation or proceeding is strictly prohibited. If any reporting individual is concerned that they are suffering retaliation for reporting fraud or suspected fraud, they should immediately contact the UAC to express their concerns.

(d) Investigation.

1. The Chief Audit Executive/Chief Compliance Officer (CAE/CCO) is the official contact for persons reporting suspected fraud or fraudulent conduct. UAC will oversee all investigations into allegations of fraud as defined in this regulation.
2. The results/status of ongoing investigations will not be disclosed or discussed with anyone without a need to know consistent with a thorough investigation, unless required by law, regulation, or University policy.
3. Allegations or matters of conduct deemed outside the scope of this policy, such as personnel-related issues or scientific misconduct, may be referred by the CAE/CCO to the respective area of management for review and appropriate action.
4. When an investigation reveals suspected criminal activity or an investigation is initiated due to an allegation of criminal activity, the investigator will coordinate with or refer the matter to the appropriate law enforcement agency.
5. University employees will support the University's fiduciary responsibilities and will cooperate with UAC/investigator and law enforcement agencies in the detection, investigation, and reporting of fraudulent or criminal acts, and the prosecution of the offenders.

(e) Actions to be Taken when Fraud is Identified and Substantiated.

1. Employees found to have engaged in fraud or fraudulent conduct are subject to disciplinary action by the University up to and including dismissal in accordance with University policies and regulations and any applicable collective bargaining agreements. Such employees may also be subject to civil or criminal prosecution.

2. Employees who knowingly make false accusations of fraud or suspected fraud are subject to disciplinary action up to and including dismissal.
3. Employees who knowingly fail to report fraudulent activity or fail to cooperate with the UAC or law enforcement agencies shall be subject to disciplinary action, as appropriate.
4. Without limiting any other right or remedy of the University, whether civil or otherwise, if a non-employee member of the University Community is determined to have participated in fraudulent acts, the University will terminate the business or other relationship with the person or entity and take other actions, as appropriate.
5. UAC will provide recommendations to remediate the consequences of the fraudulent activities. It will also make recommendations on the need to further review and revise antifraud measures in light of the fraudulent activities. The University will promptly review and remediate internal control deficiencies identified in the final investigative report and make every effort to recover the resources or losses that resulted from the fraudulent activities.

(f) Alert/Reporting Process.

1. Reporting to University Personnel and Board of Trustees. If the investigation substantiates that fraudulent activities have occurred, the CAE/CCO will report the results of the investigation to appropriate University personnel and/or the Board of Trustees, as required, to provide details and support for the conclusion.
2. Reporting to OIGC. Significant and credible allegations are those that, in the judgment of the CAE/CCO, require the attention of those charged with governance and have indicia of reliability. For significant and credible allegations of fraud within the University and Board of Trustees' operational authority, the CAE/CCO shall timely provide the Board of Governors Office of Inspector General and Director of Compliance (OIGC) sufficient information to demonstrate that the Board of Trustees is both willing and able to address the allegations. Following disposition of the investigation, the CAE/CCO 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.
3. Notification to the Board of Governors. If allegations of fraud or suspected fraud are made against the President, a Board of Trustees member, or the CAE/CCO, the Board of Governors will be notified pursuant to University Regulation FPU-1.015 Allegations of Waste, Fraud, Financial Mismanagement, Misconduct and Other Abuses.

(j) Evaluation and Review.

1. UAC, with the assistance and active participation of other University management, will periodically perform fraud risk assessments and advise management of the actions needed to reduce the risk of fraud.
2. On an annual basis, the status of the antifraud framework used will be evaluated and the outcome of the evaluation and any necessary revisions and education needed to improve the framework shall be reported to the Board of Trustees.

3. This regulation shall be reviewed at least every five (5) years for currency and consistency with applicable Board of Governors and University regulations.

**Authority:** Article IX, Sec. 7, Fla. Constitution; FLA. STAT. Chapter 112; BOG Regulations 1.001, 3.003, 4.001.

**History:** New 2022-09.28