

## Florida A&M University Regulation



### 1.023 Fraud Prevention and Detection

(1) **Applicability.** This Regulation is applicable to all members of the Florida Agricultural and Mechanical University (University or FAMU) community, including all FAMU Board of Trustees' (Board) members, University employees, students, volunteers, and all contractors and guests attending, doing business with or affiliating with the University or any of its employees, organizations, components, campuses, facilities, or events.

(2) **Definitions.**

(a) **Fraud.** Obtaining something of value through willful misrepresentation. Refer to FAMU Board of Trustees' Fraud Policy 2020-01 (Fraud Policy 2020-01) for additional information.

(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.

(d) **Employee.** A person who performs services for, and under the control and direction of, FAMU.

(e) **Management.** Vice presidents, directors, deans and/or chairs, managers, and supervisors.

(3) **Fraud Prevention and Detection Criteria.** The Board of Trustees is committed to creating an organizational culture where risk management structures are established to prevent and detect fraud within the University and directs the President to establish 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. Accordingly, the University hereby identifies the following fraud prevention and detection criteria:

(a) **Zero Tolerance.** The Board expects the President to establish a "zero tolerance" for fraudulent, unethical and other dishonest activities. FAMU will promote consistent organizational behavior and institute preventive measures and controls designed to deter, prevent and/or detect fraudulent activities as outlined in Fraud Policy 2020-01.

(b) **Acts Constituting Fraud.** The Board expects the President to provide a definition of fraud and a description of what constitutes fraudulent activities.

The terms fraud, impropriety, misappropriation, and fiscal wrongdoings refer to, but are not limited:

1. Forgery or alteration of any document or account belonging to FAMU;
2. The destruction, alteration or concealment of any records used in the conduct of an audit;
3. Misappropriation of funds, securities, supplies, equipment, or other assets of FAMU;
4. Theft of a check or other diversion of payment;
5. Deliberately and inappropriately disclosing University or University-related confidential or proprietary information to outside parties;
6. Accepting or seeking gifts or any other items of value from contractors, vendors, or persons providing goods or services to FAMU where it is understood that such gifts or items are intended to influence the judgment or official action of the University employee.
7. Unauthorized destruction, removal or inappropriate use of records, furniture, fixtures, equipment and other University property;
8. Taking information, using it or providing information that would lead to identity theft; and
9. Any similar or related inappropriate conduct or irregularity and/or dishonest or fraudulent act in the course of performing University functions.
10. Refer to Fraud Policy 2020-01 for additional examples of acts constituting fraud.

**(c) Anti-Fraud Framework and Strategies.**

1. **Framework.** The University shall adopt anti-fraud framework and strategies, which shall include, but not be limited to:
  - Committing to combating fraud by creating an organizational culture and structure conducive to fraud risk management;
  - Planning regular fraud risk assessments and assessing risks to determine the University's fraud risk profile;
  - Designing and implementing a strategy with specific control activities to mitigate assessed fraud risks and fostering collaboration at all levels to help ensure effective implementation of strategies and control activities; and,
  - Evaluating outcomes using a risk-based approach and adapting activities to improve fraud risk management.
2. **Management Commitment.** All levels of management are responsible for establishing and following controls as applicable for their division or unit in accordance with Fraud Policy 2020-01. Management is responsible for ensuring their controls are functioning effectively and designed to prevent and/or detect fraud. Any instance of fraud, misappropriation, or irregularity that is detected or suspected must be reported immediately to the Vice President for Audit.

3. **Division of Audit.** The Division of Audit has the primary responsibility for the investigation of all suspected fraudulent acts as defined by Fraud Policy 2020-01.
  4. **Risk Assessment.** The Division of Audit, with the assistance and active participation of other divisions, will periodically perform a fraud risk assessment and advise management of the actions needed to reduce the risk of fraud.
- (d) **Delineation of Responsibilities.** The delineation of responsibilities for the prevention, detection, reporting, investigation, and remediation of fraud shall operate in accordance with the roles and responsibilities outlined for Vice Presidents, Management, Employees and the Division of Audit in Fraud Policy 2020-01.
- (e) **Reporting.**
1. **Requirement to Report.** University employees, consultants, vendors, or persons doing business with FAMU who have knowledge of a fraud, misappropriation, or other impropriety shall immediately notify his/her supervisor and/or the Division of Audit. Complaints may be made anonymously.
  2. **Requirement to Act in Good Faith.** Anyone reporting an irregularity that is detected or suspected must be acting in good faith and have reasonable grounds for believing the information provided. Allegations made maliciously or with knowledge of their falsity will not be tolerated. People making such allegations may be subject to appropriate institutional disciplinary action.
  3. **Complainant Notification Procedure.** Reports of fraud should be made to any of the following:
    - **Supervisor.** Employees may notify their supervisor of concerns. The supervisor is responsible for notifying the Division of Audit.
    - **Compliance and Ethics Hotline.** The University's Compliance and Ethics Hotline may be used to submit complaints and also allows anonymous reporting: <https://secure.ethicspoint.com/domain/media/en/gui/74408/index.html>
    - **Division of Audit.** The Division of Audit may be emailed at [auditandcompliance@famuedu](mailto:auditandcompliance@famuedu) or reached by phone at 850-412-5479.
- (f) **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 under law, investigation results will not be disclosed or discussed with anyone other than those individuals who have a legitimate need to know.
  2. **Whistleblower Protection.** The Vice President of Audit shall assess each reported complaint to determine if the allegations fall under the Whistle-blower Act (Sections 112.3187 – 112.31895, Florida Statutes).

If the reported allegations fall under the Whistle-blower Act, that employee who reported the wrongful acts, or suspected acts in good faith, is protected against retaliation for making such report.

3. **Retaliation.** FAMU does not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud. An employee or other person who lawfully, appropriately, and in good faith reports suspected fraud or other improper activity shall not be discharged, demoted, suspended, threatened, harassed, or suffer adverse personnel action of any kind because of such individual's lawful actions in providing information or assistance to an investigation into fraudulent or other inappropriate activity.

**(g) Alert Process.**

1. **General.** The results of investigations will not be disclosed or discussed with anyone, unless required by law, regulation, or University policy. When a report is issued the Division of Audit will abide by the notification guidance outlined in Board of Governor's Regulation 4.001.
2. **Substantiated Fraudulent Activities.** If the investigation substantiates that fraudulent activities have occurred, the Division of Audit will issue reports to appropriate designated University personnel.
3. **Notification to Board of Governors.** The Vice President of Audit shall timely notify the Board of Governors Office of Inspector General and Director of Compliance (OIGC) of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, and other abuses against a University board of trustees' member or president; and, shall provide copies of all final investigative reports to the Board of Governors, if the allegations are determined to be significant and credible.

**(h) Actions.**

1. **General.** Employees determined to have participated in fraudulent, unethical or dishonest acts will be subject to disciplinary action (i.e. demotion, suspension, termination, etc.) in accordance with University policies and regulations and any applicable collective bargaining agreements.
2. **Criminal, Civil, or Administrative.** Criminal, civil and/or other administrative actions may also be taken against any person or entity who is found to have participated in unlawful acts or who knowingly withheld information that would have revealed fraudulent or other improper activities.
3. **Non-employee.** Failure to comply by a consultant, vendor, contractor, outside agency, or person doing business with FAMU or in any other relationship with FAMU could result in cancellation of the business or other relationship between the entity and FAMU.

**(4) Periodic Review.** This Regulation shall be reviewed every five years for currency and consistency with applicable Board of Governors and Florida A&M University regulations. The Board of Trustees shall be notified, at least annually, of the efficacy

of the University's antifraud framework and any necessary revisions to improve the framework.

*Specific Authority: Article IX, Section 7, Florida Constitution, Board of Governors Regulations 1.001, 3.003 and 4.001. History-New July 17, 2021.*