BOARD *of* GOVERNORS

State University System of Florida

603 - Championing a System-wide approach to Compliance and Ethics Programs

June 5, 2018 (11:00 a.m. to 12:00 p.m.)

SCCE's 2018 Higher Education Compliance Conference Austin, Texas

---

OUTLINE

- Governance: Florida Higher Education
- Compliance and Ethics Context
- SUS of Florida Compliance Evolution
- Champions
- Challenges and Benefits
- Educating Your Governing Board
- Regulations Development
- Case Studies
- Monitoring Implementation

1

GOVERNANCE

Governance is the combination of processes and structures implemented by the board to <u>inform</u>, <u>direct</u>, <u>manage</u>, and <u>monitor</u> the activities of the organization toward the achievement of its objectives.

Governance in the public sector:
- Accountability
- Transparency
- Integrity
- Standards Setting
- Ethics
- Risk Management

FLORIDA HIGHER EDUCATION GOVERNANCE

1905-1965

Board of Control

The original board was statutorily authorized to manage the early university system, which consisted of UF, FSU, and FAMU at the time.

1965-2001
Board of Regents

The Board of Control was refashioned into the Board of Regents, which was also statutorily authorized to manage a much expanded university system.

FLORIDA HIGHER EDUCATION GOVERNANCE (Cont.)

2001-2002
Florida Board of Education, Division of Colleges and Universities
With a goal toward creating a more seamless K-20 system, the short-lived "Super Board" was created in statute to oversee all levels of education.

2003-Present
State University System of Florida Board of Governors
This represents the first time that the governing body was constitutionally authorized to oversee all aspects of the university system and to define the powers and duties of the university boards of trustees.
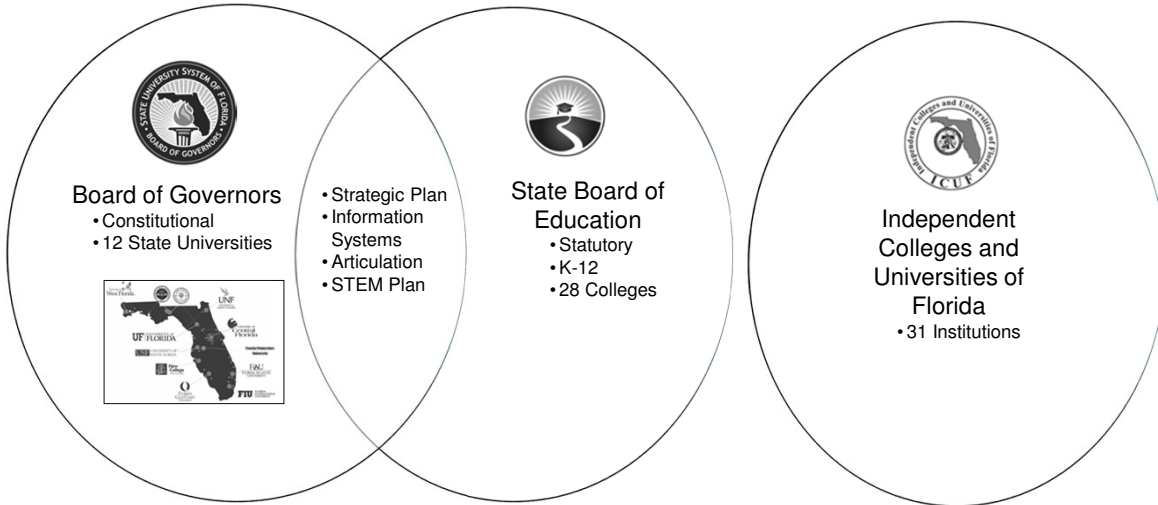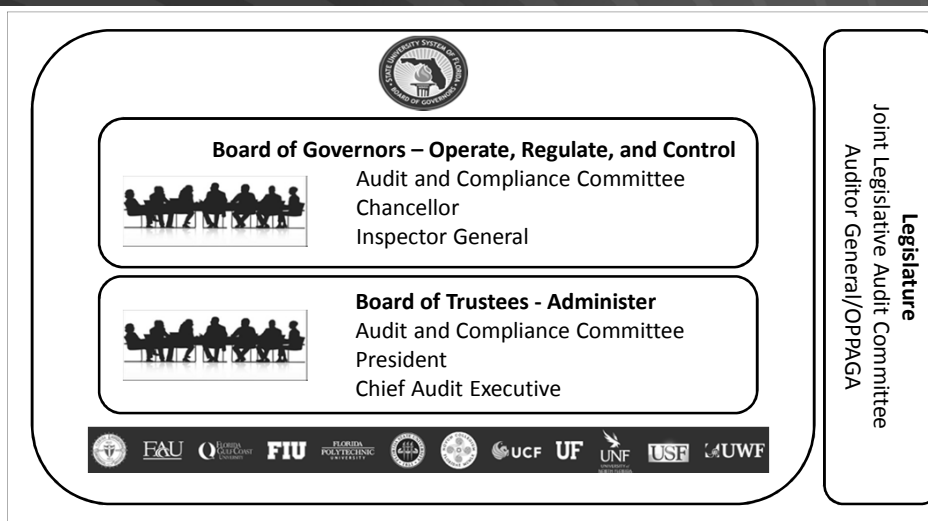

BOARD OF GOVERNORS

The Board of Governors is authorized in Article IX, Section 7(d), Florida Constitution, to *"operate, regulate, control, and be fully responsible for the management of the whole university system."*

FLORIDA HIGHER EDUCATION GOVERNANCE

Board of Governors
- Constitutional
- 12 State Universities

- Strategic Plan
- Information Systems
- Articulation
- STEM Plan

State Board of Education
- Statutory
- K-12
- 28 Colleges

Independent Colleges and Universities of Florida
- 31 Institutions

STATE UNIVERSITY SYSTEM OF FLORIDA GOVERNANCE STRUCTURE

Board of Governors – Operate, Regulate, and Control
Audit and Compliance Committee
Chancellor
Inspector General

Board of Trustees - Administer
Audit and Compliance Committee
President
Chief Audit Executive

Legislature
Joint Legislative Audit Committee
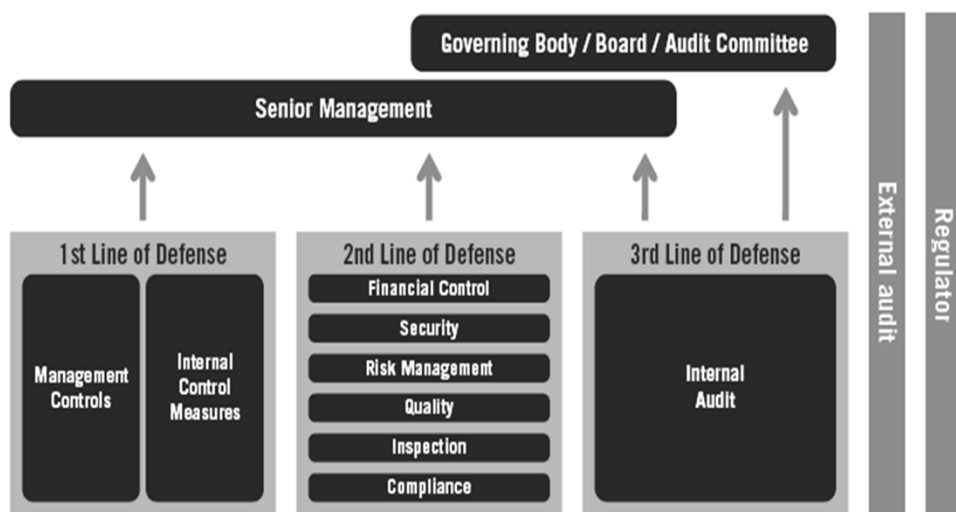Auditor General/OPPAGA

4

COMPLIANCE AND ETHICS - CONTEXT

- Compliance and Ethics Programs
  - Post WWII
  - Various industries since 1980s

- Key element of the duty of care

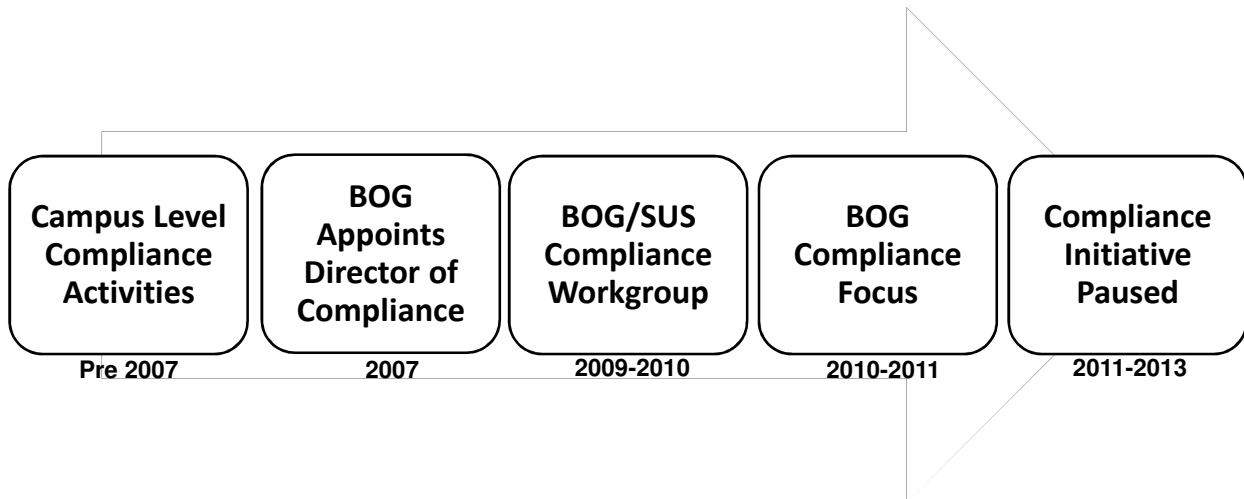- Higher education

- Current status?
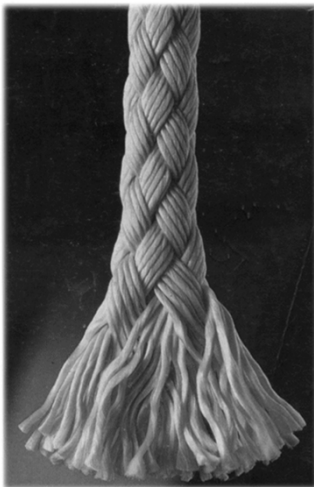
THREE LINES OF DEFENSE MODEL

SUS COMPLIANCE EVOLUTION – PHASE I

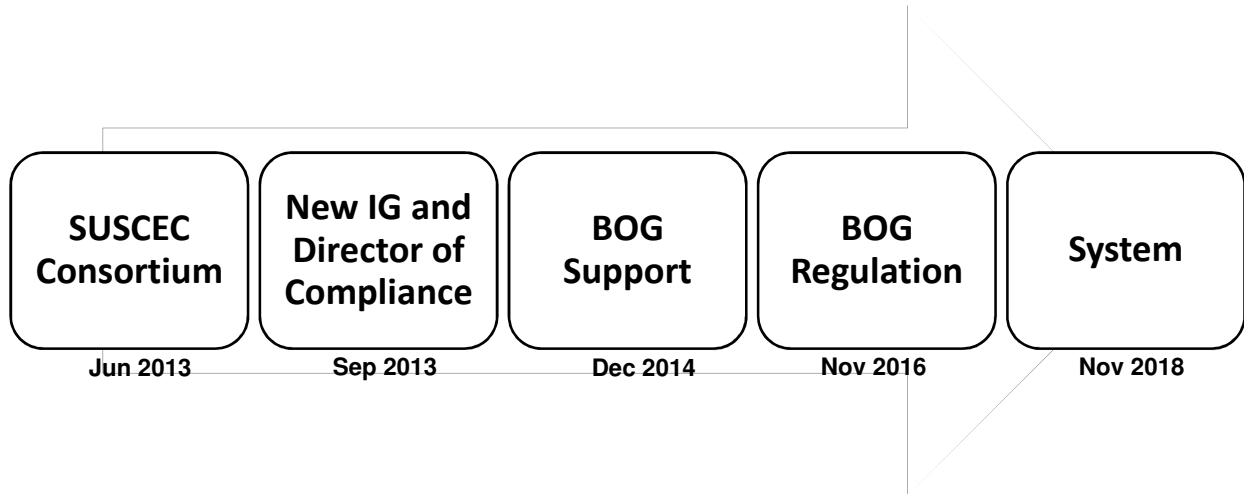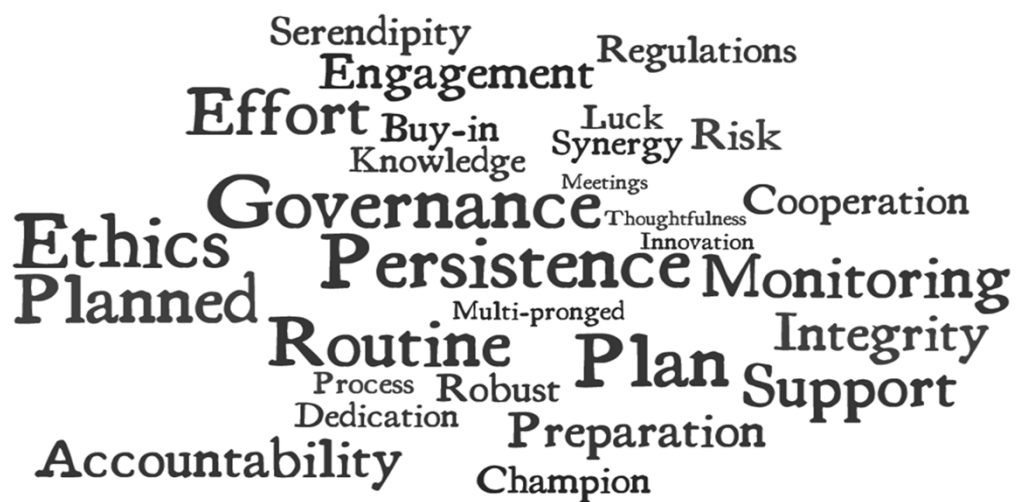| Campus Level Compliance Activities	BOG Appoints Director of Compliance	BOG/SUS Compliance Workgroup	BOG Compliance Focus	Compliance Initiative Paused
Pre 2007	2007	2009-2010	2010-2011	2011-2013

SYN-ER-GY

Noun: synergy

The interaction or cooperation of two or more organizations, substances, or other agents to produce a combined effect greater than the sum of their separate effects.

SUSCEC Consortium	New IG and Director of Compliance	BOG Support	BOG Regulation	System
Jun 2013	Sep 2013	Dec 2014	Nov 2016	Nov 2018

CONCEPTS & CHARACTERISTICS

Serendipity
Regulations
Engagement
Effort Buy-in
Luck
Synergy Risk
Knowledge
Meetings
Cooperation
Governance Thoughtfulness
Ethics Persistence Innovation
Planned Monitoring
Multi-pronged
Routine Plan Integrity
Process Robust Support
Dedication Preparation
Accountability Champion

BOARD OF GOVERNORS CHAMPIONS

Alan Levine, Chair
Audit and Compliance Committee

Edward Morton, Vice Chair
Audit and Compliance Committee

Ned C. Lautenbach
AACC Member and BOG Chair

CHALLENGES

- Education
- Communication
- Coordination
- Unfunded mandate
- Reporting lines
- One size does not fit all
- CAE/CCO synergy

BENEFITS

- Value Benefits – Enhance university community culture

- Legal Benefits – Fulfill legal and regulatory obligations

- Business Benefits – Stronger academic, business, and administrative processes

EDUCATING YOUR GOVERNING BOARD

- BOG AACC presentation
- Survey of compliance practices
- Regulations workshop
- Independent AACC
- BOG-approved regulation
- Monitoring:
  - Baseline
  - 1-year mark
  - Summer 2018

Compliance & Ethics Professional

February 2016

A PUBLICATION OF THE SOCIETY OF CORPORATE COMPLIANCE AND ETHICS   www.corporatecompliance.org

Meet Rhonda Bishop

Rhonda L. Bishop
Chief Compliance and Ethics Officer
University of Central Florida

"Higher education is the most regulated industry"

Adam Turteltaub, Vice President Society for Corporate Compliance and Ethics Professionals, 2014, Higher Education Compliance Conference

TOPICS COVERED

- Cost of non-compliance
- Benefits of an institutional program
- Higher education requirements - Federal Sentencing Guidelines
- Elements of an effective program
- Role of chief compliance and ethics officer
- Program development
- Compliance and ethics advisory committee
- SUS Compliance and Ethics Consortium

TWO YEARS OF REGULATION DEVELOPMENT

- Why?
- First draft in 8 days!
- 4 regulations: audit, investigations, and compliance matters
- Need to communicate, educate, and convince
- Many constituents (CAE, CCO, GC, etc.)
- Much concern and consternation across the system
- Many exposure drafts, lots of feedback
- Many meetings, conference calls, e-mails

REGULATION 4.003 - STATE UNIVERSITY SYSTEM COMPLIANCE AND ETHICS PROGRAMS

University-wide Compliance Program

A1	University-wide Program
A2	CCO annually reports to board of Program effectiveness
A3	External Program design and effectiveness review (Every 5 years)
A4	Processes for detecting and preventing non-compliance, unethical behavior, or criminal conduct
A5	Due diligence steps for not including individuals who have engaged in conduct not consistent with an effective Program

22

REGULATION 4.003 - STATE UNIVERSITY SYSTEM COMPLIANCE AND ETHICS PROGRAMS

Program Plan	
B1	Compliance and Ethics Program Plan approved by BOT (copy to BOG)
B2	Plan provides for compliance training for university employees and BOT members
B3	Designated compliance officers (e.g., Title IX, Athletics, Research, etc.) as either direct reports or dotted-line reports
B4	Reporting mechanism (e.g., Hotline) for potential/actual violations and provides protection for reporting individuals from retaliation
B5	Promoting and enforcing the Program through incentives and disciplinary measures

23

REGULATION 4.003 - STATE UNIVERSITY SYSTEM COMPLIANCE AND ETHICS PROGRAMS

Board of Trustee Committee	
C1	BOT Committee provides oversight to Compliance and Ethics Program
C2	BOT Audit and Compliance Committee Charter
C3	Routine CCO meetings with BOT Committee – please describe the nature and frequency of meetings (e.g., semi-annually, quarterly, monthly, etc.)
C4	Routine CCO meetings with President – please describe nature and frequency of meetings (e.g., semi-annually, quarterly, monthly, etc.) or whether the CCO participates in other regularly held direct reports or leadership meetings

24

REGULATION 4.003 - STATE UNIVERSITY SYSTEM COMPLIANCE AND ETHICS PROGRAMS

Chief Compliance Officer

D1	Appointed Chief Compliance Officer (CCO)
D2	CCO reports functionally to the Board and administratively to the President
D3	Compliance Office Charter
D4	CCO independence, objectivity, and access (provide details of resolution of barriers)
D5	CCO authority and resources (provide details of both staffing and budget)

25

LARGE INSTITUTIONS

FIU
55,111 Students

University of Central Florida
64,321 Students

University of South Florida 1956
42,861 Students

- Established centralized compliance and ethics programs
- Compliance and Ethics Consortium founding members
- Regulation development collaborators

- Three distinct models:
  - UCF – Central directive, reported to BOT/President
  - FIU – Central directive, reported to General Counsel
  - USF – Central coordinating, reported to audit

www.flbog.edu

BOARD *of* GOVERNORS | State University System of Florida   26

PREEMINENT INSTITUTIONS

UF | UNIVERSITY of FLORIDA

52,367 Students

(Florida State University seal)

41,900 Students

- Older
- Preeminent research institutions
- Decentralized compliance functions
- Wide variety of compliance areas of responsibility

MID-SIZED INSTITUTIONS

(Florida Atlantic University seal)

30,809 Students

(University of North Florida seal)

15,839 Students

(Florida Gulf Coast University seal)

14,821 Students

(University of West Florida seal)

12,979 Students

(Florida Agricultural and Mechanical University seal)
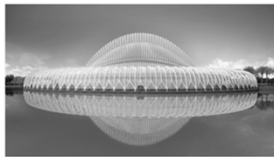
9,614 Students

- Mid-sized institutions
- Varying compliance areas of responsibility
- All one-person shops

SMALLER INSTITUTIONS

New College
THE HONORS COLLEGE of Florida

875 Students

FLORIDA
POLYTECHNIC
UNIVERSITY

1,300 Students

- Smaller institutions
- New
- Outsourced audit functions
- Combined role of CAE/CCO
- Co-sourcing functions

MONITORING

Developed monitoring tool:

- Based on BOG Regulation 4.003

- Collaborated with SUS Compliance and Ethics Consortium

- Sent to board of trustees chairs and university presidents

- Resulted in Baseline Survey and Year 1 Survey

- Used by CCOs to educate management and BOT in establishing compliance and ethics program

- Provides status reports to Board of Governors AACC

- Provide future periodic updates

SUS Compliance Program Status Checklist Summary – Baseline

Univ.	University-Wide Compliance Program	Program Plan	BOT Committee	Chief Compliance Officer	External 5-Year Program Review
FAMU	● ● N/B N/B	N/B N/B ● ✓ N/B	● ● N/B N/B	● ● ● N/B N/B	–
FAU	● ✓ ● ✓	● ● ● ● ✓	● ● ● ●	✓ ✓ ● ✓ ●	–
FGCU	● ● ● ●	● ● ● ✓ N/B	● N/B ● ✓	✓ ● ● ✓ ✓	–
FIU	✓ ✓ ● ✓	● ● ✓ ✓ ●	✓ ● ✓ ✓	● ✓ ● ✓ ✓	–
FL Poly	● ● ● ●	● ● ● ● ●	● ● ● ●	● ● ● ● ●	–
FSU	● N/B ● ●	N/B ● N/B ● N/B	N/B N/B N/B N/B	N/B N/B N/B N/B N/B	–
NCF	● N/B ✓ ●	● ● ● ● N/B	● ● N/B N/B	● ● ● ● ●	–
UCF	✓ ✓ ✓ ✓	● ● ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	–
UF	● ● ● ●	● ● ● ✓ ●	● ● ● ●	● ● ● ● ●	–
UNF	● ✓ ● ✓	● ● N/B ● N/B	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ●	–
USF	✓ ✓ ✓ ✓	● ● ● ✓ ✓	✓ ● ✓ ●	✓ ● ● ✓ ✓	–
UWF	● ● ✓ ✓	● ● ● ● ●	✓ ✓ ✓ ●	● ● ✓ ● ●	– 31

SUS Compliance Program Status Checklist Summary - Year 1

Univ.	University-Wide Compliance Program	Program Plan	BOT Committee	Chief Compliance Officer	External 5-Year Program Review
FAMU	● ● ● ✓	● ● ✓ ✓ ●	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FAU	● ✓ ✓ ✓	● ● ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ●	N/B
FGCU	✓ ✓ ✓ ●	✓ ✓ ✓ ✓ ●	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FIU	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FL Poly	● ● ● ✓	● ● ● ● ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
FSU	● N/B ● ●	N/B N/B ● ● ●	● ● N/B N/B	● ● N/B N/B N/B	N/B
NCF	● ● ✓ ●	● ● ✓ ✓ N/B	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UCF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UF	✓ ✓ ✓ ✓	✓ ✓ ● ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UNF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
USF	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	N/B
UWF	● ✓ ✓ ✓	● ● ● ✓ ●	✓ ✓ ✓ ●	● ● ✓ ● ●	N/B 32

PROGRAM MATURITY

- **Ad Hoc** – Procedures informal, incomplete, and inconsistent

- **Fragmented** – Some compliance controls in place in some areas

- **Defined** – Compliance controls and procedures documented and standardized

- **Mature** – Compliance procedures integral in business processes and periodic effectiveness reviews conducted

- **Optimized** – Regular review and feedback, continuous improvement for process optimization, elements automated and effective

WE ARE THE CHAMPIONS . . . MY FRIENDS . . .

Contact:
Joseph Maleszewski
Inspector General and Director of Compliance
State University System of Florida
Board of Governors
Joseph.Maleszewski@flbog.edu
850-245-9247

Lori Clark
Compliance and Audit Specialist
State University System of Florida
Board of Governors
Lori.Clark@flbog.edu
850-245-9703

www.flbog.edu

BOARD *of* GOVERNORS State University System of Florida   35

BOARD *of* GOVERNORS

State University System of Florida

www.flbog.edu