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

GOVERNANCE

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

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

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.

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.”
/state university system of florida governance structure

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

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.
SUS COMPLIANCE EVOLUTION – PHASE II

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

SUS COMPLIANCE EVOLUTION – PHASE II

CONCEPTS & CHARACTERISTICS

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
“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
### University-wide Compliance Program

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

---

### Program Plan

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

---

### Board of Trustee Committee

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>BOT Committee provides oversight to Compliance and Ethics Program</td>
</tr>
<tr>
<td>C2</td>
<td>BOT Audit and Compliance Committee Charter</td>
</tr>
<tr>
<td>C3</td>
<td>Routine CCO meetings with BOT Committee – please describe the nature and frequency of meetings (e.g., semi-annually, quarterly, monthly, etc.)</td>
</tr>
<tr>
<td>C4</td>
<td>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</td>
</tr>
</tbody>
</table>
### REGULATION 4.003 - STATE UNIVERSITY SYSTEM COMPLIANCE AND ETHICS PROGRAMS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chief Compliance Officer</strong></td>
<td></td>
</tr>
<tr>
<td><strong>D1</strong></td>
<td>Appointed Chief Compliance Officer (CCO)</td>
</tr>
<tr>
<td><strong>D2</strong></td>
<td>CCO reports functionally to the Board and administratively to the President</td>
</tr>
<tr>
<td><strong>D3</strong></td>
<td>Compliance Office Charter</td>
</tr>
<tr>
<td><strong>D4</strong></td>
<td>CCO independence, objectivity, and access (provide details of resolution of barriers)</td>
</tr>
<tr>
<td><strong>D5</strong></td>
<td>CCO authority and resources (provide details of both staffing and budget)</td>
</tr>
</tbody>
</table>

### LARGE INSTITUTIONS

- **FIU**
  - 55,111 Students
  - Established centralized compliance and ethics programs
  - Compliance and Ethics Consortium founding members
  - Regulation development collaborators
- **University of Central Florida**
  - 64,321 Students
- **University of South Florida**
  - 42,861 Students
  - Three distinct models:
    - UCF – Central directive, reported to BOT/President
    - FIU – Central directive, reported to General Counsel
    - USF – Central coordinating, reported to audit

### PREEMINENT INSTITUTIONS

- **University of Florida**
  - 52,367 Students
  - Older
  - Preeminent research institutions
  - Decentralized compliance functions
  - Wide variety of compliance areas of responsibility
- **University of South Florida**
  - 41,900 Students
MID-SIZED INSTITUTIONS

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

SMALLER INSTITUTIONS

- 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
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

---

### SUS Compliance Program Status Checklist Summary - Baseline

<table>
<thead>
<tr>
<th>Compliance Program</th>
<th>Program Plan</th>
<th>BCU Committee</th>
<th>Chief Compliance Officer</th>
<th>External Review Program Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSCV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SUS Compliance Program Status Checklist Summary - Year 1

<table>
<thead>
<tr>
<th>Compliance Program</th>
<th>Program Plan</th>
<th>BCU Committee</th>
<th>Chief Compliance Officer</th>
<th>External Review Program Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSCV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UCF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
QUESTIONS AND CONTACT INFORMATION

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