

Compliance Red Flags

A “red flag” is a provision, behavior, or condition that increases the likelihood of a possible violation of law or University policy.

A red flag does not necessarily mean that the conduct is unlawful or inappropriate – but it requires that we pause, confer with colleagues and escalate the issue to the next supervisory level (who can in turn escalate further), perform appropriate due diligence, and confirm the absence of unlawful behavior or violation of policy before proceeding. *Pause, escalate, resolve.*

Examples of compliance red flags:

- A vendor¹ refuses to disclose whether any member of the FDU community has a financial interest in the vendor.
- A party external to FDU does not cooperate with the University’s due diligence regarding their owners/board/officers, references, affiliates, etc., or whether the party is acting as an agent for another person or organization.
- An external party to FDU, engaged in activities involving individuals under the age of 18, objects to contract provisions regarding the University’s Minors on Campus policy and/or related requirement for insurance.
- A vendor objects to contract provisions prohibiting discrimination against any protected group.
- Any party external to FDU attempts to curtail the University’s academic freedom in any way (e.g., restricting the subject matter of curriculum, attempting to prohibit the publication of research results contrary to the party’s interests, or insistence that faculty, staff, or students do not post negative comments about an organization on social media).
- A vendor objects to a contractual provision prohibiting payments of money or anything else of value (e.g., a job offer) to any person for the purpose of influencing that person’s actions or to secure any improper benefit.
- A government official, whether international, federal, state, or local, recommends that FDU engage a particular vendor.
- A vendor objects to a provision requiring that FDU follows U.S. laws and University policies.

¹ In this guideline, a “vendor” means any external supplier, contractor, or other organization providing goods or services to FDU or collaborating with FDU on any initiative.

- A vendor insists upon an exclusive relationship with FDU.
- Another school offers to share non-public information about future compensation or benefits to its employees (whether to faculty or staff).
- Another school offers to enter into an understanding under which FDU and the other school would not solicit or hire that other school's employees (whether faculty or staff) or seek to enroll its students.
- A party external to FDU refuses to obtain the University's prior approval before using FDU's name or trademarks for any commercial purpose.
- A party agrees to pay FDU to receive an educational service (e.g., a certificate course) for the benefit of another unrelated party (e.g., a car manufacturer pays for education at FDU to be attended by the manufacturer's customers). Scholarships offered by governments or nonprofit organizations in a transparent and publicized manner do not raise a red flag.
- A vendor appears on a U.S. restricted parties list. <https://www.trade.gov/consolidated-screening-list>
- A transaction involves payments to any person that seem out of place for the type of transaction (e.g., an unexplained payment to an agent assisting with the transaction).
- A transaction involves activities in a country where bribery and corruption are common. <https://www.transparency.org/en/cpi/2020/index/nzl>
- A vendor seeks payment of proceeds in a foreign country account other than the location of the vendor's business.

Process point: FDU property on the Metropolitan and Florham campuses may be subject to restrictions under financing arrangements for tax-exempt bonds that may have helped fund construction or improvements on the property. **Before entering into any lease for property at the New Jersey campuses, please contact David Marconi, University Controller, at d.marconi@fdu.edu**