

## YAVAPAI COLLEGE FOUNDATION FRAUD RISK POLICY



### **General Statement**

It is a basic responsibility of the Board of Directors of a nonprofit organization to protect assets and provide proper financial oversight, while instituting a fair system of policies and procedures for human resource management. While it is Yavapai College Foundation *management's* responsibility to establish the cultural environment and train employees and volunteers, it is the *Board's* responsibility to assess the inherent risk of fraud and to develop internal controls that maximize the use of both human and non-human resources. The Board directs management to implement internal controls and monitoring activities designed to prevent and detect misappropriation of the organization's assets and intentional material misrepresentation of organization's financial or other data or other actions constituting fraud. This policy is written to clarify what constitutes fraud or abuse and to outline the procedures to be followed when an alleged violation occurs. It is management's responsibility to communicate this policy to all employees and volunteers, who are then responsible for complying with the policy.

### **Actions Constituting Fraud or Abuse**

It is the organization's policy that there is zero tolerance for actions constituting fraud or other abuse. These actions include but are not limited to:

- Theft of cash, securities, merchandise, equipment, supplies or other assets.
- Unauthorized use of organization employees, property, credit cards, cell phones or other resources.
- Submission of personal or fictitious employee expenses for reimbursement or fictitious or inflated vendor invoices or payroll records for payment.
- Receiving kickbacks or other unauthorized personal benefits from vendors or others.
- Forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return or other financial document.
- Intentional material misclassification or misrepresentation of revenues, expenses, costs or other data in financial statements, reports, regulatory returns, applications or other communications.
- Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters.
- Intentional improper use or disclosure of confidential donor, client/customer, employee or organization proprietary information.
- Any other illegal or unethical activity.
- The policy applies to fraud or suspected fraud by board members, employees, volunteers, vendors, contractors, consultants and others doing business with the organization.

## **Reporting Responsibilities and Safeguards**

It is the responsibility of every director, employee or volunteer to report, preferably in writing, any discovered or suspected unethical or fraudulent activity as soon as possible to the Executive Director, who will consult with the Board President or other appropriate officer of the Foundation about further action to be taken. In the event an allegation involves the Executive Director, it should be reported instead to the Director of Finance and Operations, who will consult with the Board President or other appropriate officer of the Foundation, who will decide how to proceed.

Our objective is that no reporting party, who in good faith reports such a matter, will suffer harassment, retaliation or other adverse consequences. Any director or employee who harasses or retaliates against the party who reported such a matter in good faith is subject to discipline up to and including termination of employment. Additionally, no director, employee or volunteer will be adversely affected because they refuse to carry out a directive which constitutes fraud or is a violation of the policies of Yavapai College, the Yavapai College Foundation, or state or federal law. Alternatively, any allegation that proves to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

## **Confidentiality**

Discovered or suspected matters can be reported anonymously or on a confidential basis. Anonymous allegations will be investigated, but consideration will be given to the seriousness of the issue, its credibility and the likelihood of confirming the allegation from other reliable sources.

In the case of allegations made on a confidential basis, every effort will be made to keep the identity of the reporting party secret, consistent with the need to conduct an adequate and fair investigation.

Allegations will not be discussed with anyone other than those who have a legitimate need to know, as determined by the President of the Board of Directors. The Board President will make known to the Yavapai College President any allegations made against the Executive Director of the Foundation. It is important to protect the rights of the persons accused, to avoid damaging their reputation should they be found innocent and to protect the organization from potential liability.

## **Investigation Procedures**

The Executive Director, Board President or their delegate will investigate all allegations on a timely basis. The investigation may include but is not limited to interviewing relevant parties, examining, copying and/or removing all or a portion of the contents of files, desks, cabinets and other facilities of the organization without prior knowledge or consent of any individual who may use or have custody of such items or facilities when it is within the scope of the investigation and such actions are legal.

The reporting party should not attempt to personally conduct investigations, interviews or interrogations related to the alleged fraudulent activity, unless requested to participate by those leading the investigation.

**Resolution Procedures**

The results of the investigation will be reported to the Board of Directors. Actions taken against the perpetrator of alleged fraud will be determined by the Board in consultation with the Yavapai College Human Resources Director and legal counsel.

Ratified by the Board of Directors of the Yavapai College Foundation on

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