

Reporting Suspected Theft, Financial Dishonesty, or Fraud

Like all organizations, MCAD is faced with the risks that come from theft, financial dishonesty or other fraud by MCAD volunteers and employees. MCAD is prepared to manage these risks and their potential impact on MCAD in a lawful, ethical and professional manner.

The impact on MCAD of theft, financial dishonesty or other fraud may include:

- the actual financial loss incurred
- damage to the reputation of MCAD
- the cost of investigation
- loss of employees
- loss of customers
- litigation
- fines and penalties

MCAD is committed to the deterrence, detection and correction of theft, financial dishonesty and other fraud by MCAD employees. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of losses and other expenses.

I. Definition of Theft, Dishonesty and other Misconduct

For purposes of this policy, theft, financial dishonesty and other fraud, includes, but is not limited to:

- theft or other misappropriation of assets of MCAD students, customers, suppliers or others with whom MCAD has a business relationship
- intentional misstatements in the financial records of MCAD
- forgery or other alteration of documents
- fraud and other unlawful acts

MCAD specifically prohibits these and any other illegal activities in the actions of its employees related to their employment by MCAD.

II. Reporting Responsibility

Each employee of MCAD has an obligation to report in accordance with this policy questionable or improper accounting or auditing concerns.

III. No Retaliation

This policy is intended to encourage employees to raise concerns within the College for investigation and appropriate action. With this goal in mind, no employee who, in good faith, reports a concern shall be subject to retaliation or adverse employment consequences. Moreover, an employee who retaliates against someone who has reported a concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

IV. Reporting Concerns

Employees should first discuss their concern with their supervisor. If, after speaking with his or her supervisor, the individual continues to have reasonable grounds to believe the concern is valid, the individual should report the concern to the Treasurer/CFO. In addition, if the individual is uncomfortable speaking with his or her supervisor, or the supervisor is a subject of the concern, the individual should report his or her concern directly to the Treasurer/CFO.

If the concern was reported verbally to the Treasurer/CFO, the reporting individual, with assistance from the Treasurer/CFO, will put the concern in writing. The Treasurer/CFO is required to promptly report the concern to the Chair of the Audit Committee, which has specific and exclusive responsibility to investigate all Concerns. If the Treasurer/CFO does not promptly forward the concern to the Chair of the Audit Committee, the reporting individual should directly report the concern to the Chair of the Audit Committee. Concerns may also be submitted anonymously. Anonymous concerns should be in writing and sent directly to the Chair of the Audit Committee.

V. Responsibility and Authority for Follow Up and Investigation

The Audit Committee has the primary responsibility for all investigations under this policy. The Audit Committee has the primary responsible for investigating, and making appropriate recommendations to the President, with respect to all reported concerns under this policy.

Designated members of the investigative team will have:

- free and unrestricted access to all MCAD records and premises

- the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow up procedures.

VI. Reported Incident Follow Up Procedure

Care must be taken in the follow up of suspected theft, financial dishonesty or other fraud to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway, and to avoid making statements which could adversely affect the College, an employee, or other parties.

Accordingly, the general procedures for follow up and investigation of reported incidents are as follows:

1. Employees and others must immediately report all factual details regarding the reported concern.
2. All records related to the reported incident will be retained wherever they reside.
3. There should be no communication with the suspected individuals about the matter under investigation.
5. Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
6. All inquiries from an attorney or any other contacts from outside MCAD, including those from law enforcement agencies or from the employee under investigation, should be referred to the Audit Committee Chair.

Investigative or other follow up activity will be carried out without regard to the suspected individual's position or level or relationship with the College.

VII. Acting in Good Faith

Anyone reporting a concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and

including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

VIII. Confidentiality

Reports of concerns, and any investigations relating to them, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Disclosure of reports of concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline up to and including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.