

# Pacific University

## Business Conduct Policy

### Purpose

Committed to the highest standards of moral and ethical behavior, employees are expected to report known or suspected fraudulent or dishonest conduct. Employees reporting known or suspected fraudulent or dishonest conduct in good faith must feel safe and protected from retaliation. Employees found to have been making frivolous claims under this policy will be subject to disciplinary action. The purpose of this policy statement is to provide a formal protocol for communication among relevant parties.

### Policy Statement

Pacific University will investigate any possible fraudulent or dishonest conduct, including misuse of University resources or property by faculty, staff or students. Anyone found to have engaged in fraudulent or dishonest conduct is subject to disciplinary action by the University up to and including dismissal or expulsion, and civil or criminal prosecution when warranted.

All members of the University community are encouraged to report possible fraudulent or dishonest conduct. An employee should report his or her concerns to their manager. Managers are required to report suspected fraudulent or dishonest conduct to the Vice President of Finance and Administration. If for any reason an employee finds it difficult to report his or her concern to a manager, the employee can report it directly to the Vice President of Finance and Administration, the Director of Human Resources, or the University Controller/Assistant VPFA.

Fraudulent or dishonest conduct may include criminal acts, subject to prosecution under the law. The university must safeguard its assets and reputation and protect its funds from theft and misappropriation. This policy provides information on the proper procedures that should be followed to report known or suspected fraudulent or dishonest conduct. These procedures have been developed to achieve confidentiality and consistency. In addition, this policy establishes a central collection point for reporting all known or suspected fraudulent or dishonest conduct so that financial and system controls can be thoroughly and consistently reviewed, evaluated and modified in order to prevent similar irregularities in the future.

### Definitions

Baseless Allegations: allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to institutional disciplinary action and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: a deliberate act or failure to act with the intention of

obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- Financial Irregularities, such as intentional misstatements or omissions of information related to financial transactions that are detrimental to the interests of the university. These acts include, but are not limited to embezzlement, fraud, and forgery or falsification of reports, documents, or computer files to misappropriate assets.
- Forgery or alteration of reports or documents (acts of academic dishonesty and misconduct shall be reported to the Vice President of Student Life)
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation of the University's conflict of interest policy
- Misappropriation or misuse of University resources, such as funds, supplies, equipment or other asset
- Authorizing or receiving compensation for goods not received or services not performed
- Authorizing or receiving compensation for hours not worked
- Any irregularity in the handling or reporting of money transactions
- Use of University facilities and equipment for private financial gain
- Acceptance of kickbacks or bribes
- Other related illegal acts or misuses
- Fraudulent misrepresentation of degree, credentials, data, or pertinent information.

Illegal Order: an illegal order is any directive to violate or assist in violating an applicable federal, state, or local law, rule or regulation or any order to work or cause others to work in conditions outside of their line of duty that would unreasonably threaten the health and safety of employees or the public.

Institutional Designated Administrator: individual(s) designated by the institution to serve as a point of contact for known or suspected fraudulent or dishonest conduct.

Investigation Subjects: a subject is a person who is the focus of investigative fact finding either by virtue of an allegation made or evidence gathered during the course of an investigation. The decision to conduct an investigation is not an accusation; it is to be treated as a neutral fact finding process. The outcome of the investigation may or may not support a conclusion that an improper act was committed and, if so, by whom.

Investigators: investigators are those persons authorized by the University to conduct fact finding and analysis to cases of alleged improper activities.

Suspected Fraudulent or Dishonest Conduct: is a reasonable belief or actual knowledge that fraudulent or dishonest conduct is occurring or has occurred.

Timely: generally means the time someone becomes aware of a known or suspected fraudulent or dishonest conduct.

### University Resources:

- Cash and other assets, whether tangible or intangible; real or personal property;
- University corporate credit cards;
- Receivables and other rights or claims against third parties;
- Intellectual property rights;
- Effort of University personnel and of any non-University entity billing the University for its effort(s);
- Facilities and the rights to use of University facilities;
- The University's name or reputation; and
- University records, including student and patient records.

Whistleblower: an employee who informs a manager or other administrator about conduct which that person believes to be fraudulent or dishonest.

## **Rights and Responsibilities**

Managers: Managers are required to report suspected fraudulent or dishonest conduct to the Vice President for Finance and Administration. In addition, managers are responsible for maintaining a system of management controls which detect and deter fraudulent or dishonest conduct. Failure by a manager to establish management controls or report misconduct within the scope of this policy may result in adverse personnel action against the manager, up to and including dismissal.

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- Baseless allegations
- Premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation
- Violations of a person's rights under law

Accordingly, a manager faced with a suspected misconduct:

- Should not contact the person suspected to further investigate the matter or demand restitution
- Should not discuss the case with anyone other than the Vice President for Finance and Administration, Director of Human Resources, or the Controller/Ass't. VPFA
- Should direct all inquiries from any attorney retained by the suspected individual to the office of the Vice President for Finance and Administration

Whistleblower Protection: The University will use best efforts to protect whistleblowers against retaliation. It cannot guarantee confidentiality, however, and there is no such thing as an "unofficial" or "off the record" report. The Vice President of Finance and Administration will keep the whistleblower's identity confidential, unless (1) the person agrees to be identified; (2) identification is necessary to allow University or law enforcement officials to investigate or respond effectively to the report; (3) identification is required by law; or (4) the person accused of Business Conduct Policy violations is entitled to the information as a matter of legal right in disciplinary proceedings.

University employees may not retaliate against a whistleblower with the intent or effect of adversely affecting the terms or conditions of employment or enrollment (including

but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or wages). Whistleblowers who believe that they have been retaliated against may file a written complaint with the Director of Human Resources. A proven complaint of retaliation shall result in a proper remedy for the person harmed and the initiation of disciplinary action, up to and including dismissal, against the retaliating person. This protection from retaliation is not intended to prohibit managers from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

Whistleblowers must be cautious to avoid baseless allegations (as described earlier in the definitions section of this policy).

## **Procedures**

The Vice President for Finance and Administration shall conduct or direct the investigations of all suspected fraudulent or dishonest conduct in consultation with such University officials as may be necessary or appropriate. Cases involving possible violations of criminal law will be investigated in cooperation with the appropriate law enforcement agency. This Policy is intended to complement and supplement existing policies and legal requirements.

Employee believes fraudulent or dishonest conduct has occurred: When an employee believes fraudulent or dishonest conduct has occurred the employee is expected to report such instance with all relevant information at the time they become aware of the incident. The normal reporting protocol is as follows:

- Employee reports to his/her manager
- Manager reports known or suspected fraudulent or dishonest conduct to the Vice President for Finance and Administration, or the Director of Human Resources, or the Controller/Ass't. VPFA.

Reporting Allegations of Suspected Fraudulent or Dishonest Conduct: Reports of allegations of suspected improper activities are encouraged to be made in writing so as to assure a clear understanding of the issues raised; but may be made orally. Such reports should be factual rather than speculative or conclusory, and contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigation procedures.

Reporting to the Office of the President: In the event the Vice President for Finance and Administration, Director of Human Resources, or University Controller/Ass't. VPFA are suspected to be involved or have not taken appropriate action, employees are expected to contact the President of the University.

Reporting to the Audit Committee: The Audit Committee Chair or the Chair of the Board of Trustees can be contacted in the event when the suspected allegation is of a significant nature or in the event that all other university contacts are inappropriate.

## **Investigation Procedures**

### Investigation Subjects:

1. The identity of a subject should be maintained in confidence to the extent possible given the legitimate needs of law and the investigation.
2. Subjects should normally be informed of the allegations at the outset of a formal investigation and have opportunities for input during the investigation.
3. Subjects have a duty to cooperate with investigators to the extent that their cooperation will not compromise self-incrimination protections under state or federal law.
4. Subjects have a right to consult with a person or persons of their choice. This may involve representation, including legal representation.
5. Subjects have a responsibility not to interfere with the investigation and to adhere to admonitions from investigators in this regard. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached or intimidated.
6. Unless there are compelling reasons to the contrary, subjects should be given the opportunity to respond to material points of evidence contained in an investigation report.
7. No allegation of wrongdoing against a subject shall be considered sustained unless at a minimum, a preponderance of the evidence supports the allegation.
8. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the University and the subject.
9. Any disciplinary or corrective action initiated against the subject as a result of an investigation pursuant to this policy shall adhere to the applicable academic personnel or staff conduct and disciplinary procedures.

### Investigators:

1. The University investigation participants and subjects should be assured that investigators have competency in the area under investigation. Technical and other resources may be drawn upon as necessary to augment the investigation.
2. All investigators shall be independent and unbiased both in fact and appearance.
3. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
4. Investigations should be launched only after preliminary consideration which establishes that:
  - a. the allegation, if true, constitutes fraudulent or dishonest conduct, and either:
  - b. the allegation is accompanied by information specific enough to be investigated, or
  - c. the allegation has or directly points to corroborating evidence that can be pursued. Such evidence may be testimonial or documentary.

## **Internal Disciplinary Action**

Anyone found to have engaged in fraudulent or dishonest conduct is subject to disciplinary action up to and including dismissal or expulsion. When termination or

suspension is proposed, the appropriate Vice President, Dean or Director will be consulted. In cases regarding students, the Vice President of Enrollment Management and Student Affairs will be contacted. When agreement cannot be reached on internal discipline, the matter will be referred to the President who will consult legal counsel for final disposition.

## **External Referral**

For external referral issues, The Vice President for Finance and Administration is the appropriate official to be notified. Based on the information provided, the Vice President will determine whether or not an investigation is warranted. In cases regarding students, the Vice President of Enrollment Management and Student Affairs will be contacted.

## **Related Documents/Policies**

- Financial Information Security Program, Gramm-Leach-Bliley Act
- Conflict of Interest Policy
  - Board of Trustees
  - Employees
- Employee handbook

## **Contact Information**

- Gerald C. Yoshida, Audit Committee Chair, 808-524-9607
- Mindy Cameron, Chair, Board of Trustees, 208-2631157
- Lesley Hallick, University President, 503-352-2123
- Mike Mallery, VP for Finance & Administration, 503-352-1621
- Troy Strass, Director of Human Resources, 503.-352-2882
- Allie Losli, University Controller & Assistant VPFA, 503-352-2819

## **Effective Date**

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