

HOUSTON COMMUNITY COLLEGE FOUNDATION POLICY ON GOOD FAITH REPORTING OF FINANCIAL ABUSE

As a beneficiary and steward of the public trust, the Houston Community College Foundation (“Foundation”) desires that its directors, officers, employees, contractors, consultants, and volunteers (collectively “Financial Stewards”) observe high standards of business and personal ethics in the conduct of their duties and responsibilities to the Foundation. The Foundation’s Financial Stewards must practice honesty and integrity in fulfilling their respective responsibilities, and must comply with all applicable laws, regulations, and Foundation policies and procedures. This is particularly true with regard to matters and controls that affect the Foundation’s finances, audits, and governance.

This policy is intended to encourage and enable the Foundation’s Financial Stewards to raise serious concerns internally so that the Foundation can address and correct any confirmed financial abuse. For these purposes, the Foundation’s Financial Stewards each have the individual responsibility to report any circumstance in which they have actual knowledge of, or a reasonable good faith belief of financial abuse, as described herein.

To these ends, the Foundation’s Board adopts this policy to encourage and empower the Foundation’s Financial Stewards to report financial abuse. For purposes of this policy, “financial abuse” means:

- The misuse, inappropriate allocation, or diversion of the Foundation’s charitable resources, including, but not be limited to, the following conduct:
 - Theft
 - Unauthorized reimbursement of personal expenses
 - Misallocation of federal, state or philanthropic grant proceeds (i.e., use for a purpose other than as stated in the grant agreement)
 - Financial reporting that is knowingly or intentionally misleading
 - Financial transactions that are undocumented, or otherwise violate policy or procedure
 - Destruction or alteration of financial records maintained by the Foundation
 - Unauthorized or undocumented personal use of assets

Obligation to Report to a Responsible Officer

The initial “Responsible Officer” to whom actual, suspected, or threatened financial abuse should be promptly reported is the Foundation President or her/his designee. If the person making the report does not feel that the normal channels of communication can/should be used to express concerns about or knowledge of alleged financial abuse concerning the Foundation President, the report should be made immediately to any one of the following Responsible Officers of the Foundation:

- HCC Foundation Board Chair

- HCC Foundation Board Vice Chair
- HCC Foundation Treasurer
- HCC Foundation Secretary

Reports may be submitted orally or in writing, but the reports should contain enough information to substantiate the concern and allow an appropriate investigation to begin. Oral reports shall be reduced to writing and confirmed by the reporting person prior to investigation.

All reports will be received and acted upon in confidence to the maximum extent possible given legal requirements and the need to gather facts, conduct an effective investigation, and take necessary corrective action.

If the reporting person so requests, the reporting person's identity shall be kept confidential to the fullest extent possible, provided however in some instances preserving confidentiality is impossible or impedes a proper investigation and/or corrective action. In such instances, based on the sole discretion of the investigator and/or the Foundation, a reporting person's identity may not be maintained fully confidential.

The Responsible Officer shall take the following steps:

1. Take appropriate action to investigate, or authorize an appropriate person to investigate, the reported financial abuse;
2. If, after such investigation, the Responsible Officer reaches the conclusion that no financial abuse has occurred, the Responsible Officer shall forward a final written report to the Foundation's Board for action it deems appropriate in accordance with the procedures below for the "Board's Response." The Board may, but is not required to authorize communication with the reporting person regarding the Board's findings and recommended action, if any, regarding the report;
3. Any reported financial abuse that does not exceed \$500 may be investigated and resolved by the Foundation President, with an informational report to the Foundation's Board.
4. If, after such investigation, the Responsible Officer reaches the conclusion that it appears likely that a financial abuse may have occurred, the Responsible Officer shall forward a final written report to the Foundation's Board for action it deems appropriate in accordance with the procedures below for the "Board's Response."

The Board's Response

Once a report has been investigated and presented to the Board, the Board shall determine whether financial abuse has occurred, with an affirmative finding requiring a two-thirds vote of the disinterested directors. The Board Chair (or presiding officer if the Chair is conflicted) shall determine which directors, if any, are not disinterested. That decision is final. If the Board

determines that financial abuse has occurred, it shall consider and take appropriate action which may include, but not be limited to:

- (a) Requiring the return of any misappropriated assets or funds;
- (b) Removal or dismissal of the Foundation Financial Steward who committed the financial abuse; and
- (c) Reporting the financial abuse to the appropriate regulatory, legal and/or law enforcement authorities.

No Retaliation for Good Faith Report

Every Foundation Financial Steward who has a reasonable good faith belief or suspicion that financial abuse has occurred should feel free to raise the concern, in good faith, without fear of retaliation. It shall be considered a violation of this policy for any Foundation Financial Steward to retaliate, encourage, or permit retaliation against a person for making such a report.

Employees will not be disciplined, demoted, terminated, or otherwise face retaliation for good faith reporting of allegations of financial abuse.

Any Foundation Financial Steward who engages in retaliation will be subject to disciplinary action, which may include, but not be limited to, removal and/or dismissal from Foundation duties. Good faith reports of retaliation should be made pursuant to the reporting procedures of this policy.

This policy is intended to be used for good faith reasonable beliefs or suspicions that financial abuse has occurred. Reports that are not made based upon a good faith reasonable belief or suspicion that financial abuse has occurred, or are that are otherwise made for purposes of harassing or annoying another person, as determined by the Foundation Board, may result in disciplinary action against the reporting person.