

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of Illinois

RESOLUTION: ADOPT ANTI-FRAUD POLICY

WHEREAS, the Illinois Public Community College Act, as amended, lists the powers and duties of community college districts in the State of Illinois, and states in 110 ILCS 850/3-30, that:

“The board of any community college district has the powers...that may be requisite or proper for the maintenance, operation and development of any college or colleges under the jurisdiction of the board.”

WHEREAS, the Rules for the Management and Government of the City Colleges of Chicago (“Rules”), as adopted July 15, 2004 (Board Resolution No. 26280) and as amended, state in Article 1, Section 1.8:

“The Board may adopt, from time to time, policy statements, guidelines, procedures, regulations, collective bargaining agreements, codes of conduct, or similar documents issued for the governance of the Board, the District and the Colleges....”

WHEREAS, the City Colleges of Chicago does not have an Anti-Fraud Policy; and

WHEREAS, formal guidance regarding anti-fraud programs for the district and college campus’ is warranted; and

WHEREAS, the Anti-Fraud Policy (attached hereto and incorporated herein) has been developed by the Office of Internal Audit to address this void; and

Anti-Fraud Policy Overview

The goal of the Anti-Fraud policy is to improve systems and procedures, adjust the attitudes of employees, and improve the overall integrity and performance of the City Colleges of Chicago. Strategies incorporated in fraud prevention plans should aim to:

- Perform an entity-wide risk assessment that links risks to controls.
- Create and maintain a culture of honesty and high ethics: Set the tone at the top by setting achievable goals and expressing “zero tolerance” for unethical behavior.

- Train employees regularly regarding the District's values and code of conduct.
- Have a strong system of controls: Identify ways to increase security in transaction processing/handling, recordkeeping, payment systems, and computer operations.
- Detect the warning signs on the books: Create internal mechanisms that highlight potential transgressions (e.g. edit/exception reports, supervisory review).
- Report irregularities: Create a system for employees to report (anonymously if necessary) illegal or unethical actions they have witnessed or suspected.

The City Colleges of Chicago has measures for the prevention, detection, and management of fraud and for fair dealing in matters pertaining to fraud. Management is responsible for detecting defalcation, misappropriation, and other irregularities. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity. Also the management team has a responsibility to identify and document these improprieties when they occur.

Any irregularity detected or suspected must be reported immediately to the Anti-Fraud Management group (Section III.A – Responsible Officers) which coordinates all investigations with the legal department and other affected areas, both internal and external.

This policy applies to the employees, officers and Board members of the District Office, the Colleges, and the Satellite Campus' of the city Colleges of Chicago. It applies to management and staff at all levels across all operations and activities of the City Colleges of Chicago. Additionally, this policy applies to all consultants, independent contractors and vendors of the District.

NOW, THEREFORE, BE IT RESOLVED that the attached Anti-Fraud Policy be adopted by the Board and published.

September 6, 2007

28271
ADOPTED - BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
SEPTEMBER 6, 2007

City Colleges of Chicago
Board of Trustees of Community College
District No. 508

Anti-Fraud Policy

Adopted September 6, 2007

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I. INTRODUCTION

A. Fraud Prevention

The goal of the Anti-Fraud policy is to improve systems and procedures, adjust the attitudes of the employees, and improve the overall integrity and performance of the City Colleges of Chicago. Strategies incorporated in fraud prevention plans should aim to:

- Perform an entity-wide risk assessment that links risks to controls
- Create and maintain a culture of honesty and high ethics: Set the tone at the top by setting achievable goals and expressing "zero tolerance" for unethical behavior
- Train employees regularly regarding the District's values and code of conduct
- Have a strong system of controls: Identify ways to increase security in transaction processing/handling, record keeping, payment systems, and computer operations
- Detect the warning signs in financial records: Create internal mechanisms that highlight potential transgressions (e.g. edit/exception reports, supervisory review)
- Report irregularities: Create a system for employees to report (anonymously if necessary) illegal or unethical actions they have witnessed or suspected

II. POLICY GUIDELINES

A. Policy Statement

The City Colleges of Chicago maintains measures for the prevention, detection, and management of fraud and for fair dealing in matters pertaining to fraud. Management is responsible for detecting defalcation, misappropriation, and other irregularities. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity. Also the management team has a responsibility to identify and document these improprieties when they occur.

Any irregularity detected or suspected must be reported immediately to the Anti-Fraud Management group (Section III.A – Responsible Officers) which coordinates all investigations with the legal department and other affected areas, both internal and external.

B. Scope

This policy applies to the employees, officers and Board members of the District Office, the Colleges, and the Satellite Campuses of the City Colleges of Chicago. It applies to management and staff at all levels across all operations and activities of the City Colleges of Chicago. Additionally, this policy applies to all consultants, independent contractors and vendors of the District (referred to as "Partners").

C. Definition

Fraud is not restricted to monetary or material benefits. It includes intangibles such as status and information. For the purpose of this policy, fraud against the City Colleges of Chicago is described as:

"Inducing a course of action by deceit or other dishonest conduct, involving acts or omissions or the making of false statements, verbally or in writing, with the object of obtaining money or other benefits from or of evading a liability to, the City Colleges of Chicago."

Actions constituting fraud refer to, but are not limited to:

- Forgery or alteration of any document or account
- Forgery or alteration of a check, bank draft, or any other financial report or document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Accepting or seeking anything of material value from vendors or persons providing services/materials to the company [for exceptions see the Gift Ban Policy]
- Destruction or intentionally misplaced records, furniture, fixtures, or equipment
- Alteration of academic and student financial records
- Executing Contracts as an Unauthorized CCC representative

D. Strategies

Strategies to discourage fraud and misconduct should be communicated and reinforced with all employees. To this end, all departments should:

- participate in in-house training programs covering fraud, fraud detection and fraud prevention
- require all staff to acknowledge awareness and receipt of the associated policies and agreements for the prevention, detection, management and reporting of fraud and corrupt conduct by signing an annual affidavit and/or at the time of hire. The City Colleges of Chicago policies and agreements should include:
 - Ethics Policy
 - Employee Handbook (work rules)
 - EEO Policy and Complaint Procedures
 - Computer Use Policy
 - Board Rules
 - Operations Manual
 - State Officials and Employees Ethics Act
- encourage staff to report suspected fraud directly to those responsible for investigation without fear of disclosure or retribution
- require vendors and contractors to agree in writing as a part of the contract process, to abide by the City Colleges of Chicago policies and procedures, and thereby avoid any conflict of interest
- implement a fraud hotline for reporting suspicions of fraud

Human resource pre-employment strategies aimed at fraud prevention include:

- criminal background checks of employees, as required by board rules
- contacting previous employers and references
- verifying transcripts, qualifications, publications and other certification or documentation
- drug testing as a condition of employment
- where appropriate, engage local, state and federal guidelines as may be required

E. Review and Approval of Policy

In the interests of maintaining best practice, the policy on Anti-Fraud shall be reviewed by the Director of Internal Audit or an Anti-Fraud Management Group designee periodically (2 to 5 years). The outcome of the review shall be reported to and approved by the Audit Committee of the Board.

III. RESPONSIBILITIES

A. Responsible Officers

The Anti-Fraud Management group is responsible the investigations of complaints relating to suspected fraudulent activity. This group shall be selected from within the City Colleges of Chicago and shall include:

1. the Executive Vice-Chancellor
2. the Vice-Chancellor of Human Resources
3. the Director of Internal Audit
4. the General Counsel / Ethics Officer
5. the Director of Risk Management
6. the Inspector General

In addition the group shall be empowered to seek the services of other persons as appropriate.

B. Responsibilities for Implementation of This Policy

The Chancellor accepts ultimate responsibility for the prevention and detection of fraud and is responsible for implementing an appropriate and effective internal control system. Under the direction of the Chancellor and the Board of Trustees, the Internal Audit function audits internal controls over CCC's operations and provides recommendations that help prevent, detect and deter fraud.

All officers and supervisors must share responsibility for the prevention and detection of fraud and for the implementation of the City Colleges of Chicago fraud strategy. Similarly, all staff must share in that responsibility. All officers and supervisors should ensure that they:

- Display a positive, appropriate attitude towards compliance with laws, rules and regulations;
- Are aware of common indicators/symptoms of fraudulent or other wrongful acts (e.g. by participation in relevant staff training programs and/or literature research) and respond to those indicators as appropriate;

- Establish and maintain proper internal controls to provide for the security and accountability of City Colleges of Chicago resources and prevent / reduce the opportunity for fraud.
- Are aware of the risks and exposures inherent in their area of responsibility.
- Respond to all allegations or indications of fraudulent or wrongful acts by reporting such allegations or to a member of the Anti-Fraud Management Group.

For this purpose, officers and supervisors will be supported by relevant services within the City Colleges of Chicago. Although activities may be undertaken by others, it is each manager's responsibility to actively support and encourage those activities and to be sure that they extend to his or her area of organizational responsibility. ***To this end, management should incorporate into their annual planning processes, fraud control plans as well as fraud awareness programs and training.***

VI. REPORTING

A. Duty

All employees are responsible for reporting suspected fraud. Fraud constitutes a form of corrupt conduct and reference should be made to the administrative procedures relative to the State Officials and Employees Ethics Act (5 ILCS 430/) as embodied in the Ethics Policy. Any employee who suspects fraudulent activity must immediately notify their supervisor or a member of the Anti-Fraud Management group.

The Director of Internal Audit or an Anti-Fraud Management Group designee shall report to the Audit Committee any matter:

- which he/she suspects on reasonable grounds concerns or may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct
- which is of concern to him/her in his or her official capacity

B. Procedure

1. Complaints or reports of fraud

Complaints or reports of fraud may be reported via any of the following methods:

- A complainant may report fraud tips via the CCC fraud hotline (312) 553-3244.
- Generally a complainant may report fraud to his/her immediate supervisor, who will in turn report the issue to any member of the Anti-Fraud Management group.
- If the complainant does not wish to involve his/her supervisor, an alternative channel for confidential reporting is available by direct reporting to any member of the Anti-Fraud Management group.
- Where the employee does not wish to report the matter to their supervisor or to the Anti-Fraud Management group, the matter may be reported directly to the Chancellor and/or Audit Committee.
- Complainants are encouraged to provide a written summary of any complaint. If the complainant is unwilling to do so, supervisors are required to make complete written notes of the complaint. Employees are encouraged "not" to make complaints anonymously as anonymous complaints may be difficult to pursue if further

information is required and they prevent reporting back to the complainant. However, well-founded anonymous complaints will receive due and proper consideration.

Written, signed and dated summaries by the complainant or supervisor should identify, where known/possible, the:

- department and/or location of the alleged incident
- key person(s) involved
- nature of the alleged incident
- time period over which the alleged incident has occurred
- value associated with the alleged incident
- documentary evidence in support of the alleged incident

2. Behavior of reporting individual

In order to avoid incorrect accusations or alerting individuals against whom an allegation has been made that a matter has been raised and an investigation is underway, the complainant and supervisor should "not":

- attempt to personally conduct investigations or interviews in order to determine whether or not a suspected activity is improper
- contact the suspected individual(s) to determine facts or demand restitution
- discuss any facts, suspicions or allegations associated with the case with anyone, unless specifically directed by a member of the Anti-Fraud Management group, the law enforcement or regulatory agencies

3. Timely communication

Supervisors must maintain confidentiality and report matters related to corrupt or criminal conduct, criminal involvement or serious improper conduct to the Anti-Fraud Management group within one working day of their acquiring knowledge of the matters or, in cases where this is not practicable, as soon as possible. The Director of Internal Audit or an Anti-Fraud Management Group designee shall provide the Chancellor and the Audit Committee with a report on matters of corruption referred to Anti-Fraud Management group as soon as possible.

4. Communication for executive review

Where a matter is considered appropriate for official reporting, a draft report shall be prepared by the Anti-Fraud Management group, with an initial review being performed by the General Counsel. If the matter is serious or urgent, phone contact should be made with the Chancellor as soon as possible. The final draft of the report shall be forwarded to the Chancellor for review, with a copy to the Director of Internal Audit or an Anti-Fraud Management Group designee and the Audit Committee. All matters should be reported (in writing) to the Board of Trustees through the Audit Committee. The report should contain a description of the particular wrongful act suspected and the evidence which might substantiate it as well as associated issues as well as the action which has been taken or which is intended in relation to it. A confidential means of transmission to the Board of Trustees is to be used, and all documents relating to this shall be treated at all times in a confidential manner. Such action may include referral to other bodies.

5. Ongoing communication with the Board

The Board of Trustees is to be kept informed by the Chancellor of significant developments as they occur. Complainants, unless anonymous, will generally be advised of the eventual outcome of cases and will, to the extent permitted by the Board of Trustees, be kept informed throughout the process of an investigation, via the Anti-Fraud Management group.

V. HANDLING / INVESTIGATIONS OF COMPLAINTS

A. Confidentiality

Any report or information passed to the Anti-Fraud Management group is to be kept confidential and the fact that the Anti-Fraud Management group has received such report or information, or any details, should be conveyed only to those people who require the knowledge in the proper performance of their office or function. Confidentiality will be maintained at all times. Any report back to the complainant will be made in a manner so as not to compromise that confidentiality.

B. Qualified Privilege

Allegations of misconduct or fraud made by staff or students about other staff or students would generally be covered by the legal protection of 'qualified privilege', provided that the allegations are made:

- honestly and without any improper motive; and
- to a person with a legitimate interest or duty in the subject matter

Qualified privilege will not apply if the allegations are communicated to persons without such interest or duty. Any statements, reports or letters containing potentially defamatory statements should be clearly marked 'Private and Confidential' to the addressee.

In order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct and to protect the City Colleges of Chicago from potential civil liability, the results of the audits/investigations will be disclosed or discussed only with those persons who require the knowledge in the proper performance of their office or function.

C. Cooperation with law enforcement

All CCC Faculty, Administrators, Students, Staff and Partners must co-operate fully with law enforcement and regulatory agencies, including reporting to such agencies and support of prosecution, where necessary.

D. Authorization for Investigating Suspected Fraud

Unless otherwise directed by the Chancellor, the Anti-Fraud Management group is responsible for coordinating investigations into matters of corrupt conduct. In those instances in which the Anti-Fraud Management group believes it to be in the best interests, members of the Anti-Fraud Management group have the authority and duty, after consulting with appropriate executives, to:

- Take control of, and/or gain full access to, all District premises, whether owner or rented.
- Examine, copy, and/or remove all or any portion of the contents of files (electronic or paper), desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities.

G. Fair Treatment

All suspects will be treated consistently without regard to position held, past performance or length of service, together with due regard to justice and procedural fairness.

VI. WHISTLE BLOWER PROTECTION

Employees should be assured that the State Officials and Employees Ethics Act (5 ILCS 430 Article 15) has provisions, supported by this policy, which ensure that they will not be victimized or disadvantaged by making a complaint. Action to cover up the wrongdoing and or to retaliate against, or victimize witnesses is strictly forbidden, and could itself constitute conduct within the jurisdiction of municipal, state, or federal law.

An employee shall not be subject to:

- Threat of personal safety or career advancement,
- Intimidation, harassment, or be threatened with intimidation or harassment
- Acts of retaliation or any act that is, or is likely to be, a detriment to the employee because he/she:
 - has assisted, is assisting or will or may in the future assist the Anti-Fraud Management Group (or General Counsel) in the performance of its functions
 - has furnished, is furnishing or will or may in the future furnish information to Anti-Fraud Management Group (or General Counsel)
 - is employed by or acting on behalf of, an independent agency or appropriate authority to whom or which an allegation has been referred
 - has exercised a power, or performed a duty, conferred or imposed by this policy

Penalties are for violation is defined in the State Officials and Employees Ethics Act (5 ILCS 430/50-5) Sec. 50-5

VII. DISCIPLINE AND TERMINATION

If an investigation results in a recommendation to discipline or terminate an individual, the recommendation will be reviewed by the Vice Chancellor of Human Resources and, if necessary, by the General Counsel before any such action is taken. The Chancellor shall be responsible for taking appropriate action against any employee(s) involved in matters of corrupt conduct as recommended and approved by the Board of Directors.