

## **FINANCIAL INTEGRITY CODE OF CONDUCT**

### **Statement of General Principles**

In response to major corporate accounting scandals in recent years affecting some of America's largest and most well-known companies and accounting firms, Congress passed the Sarbanes-Oxley Act of 2002 designed to restore shareholder confidence in publicly traded securities. Subsequently, the Accounting Standards Board of the Association of Independent Certified Public Accounts (AICPA) issued updated audit standards (SAS 99) focusing on fraud detection, prevention and deterrence. While there exist obvious differences between for-profit corporations and non-profit corporations, many of the principles of good corporate governance set forth in Sarbanes-Oxley are equally applicable to the non-profit sector. Given the absence of shareholder oversight, and in light of recent abuses involving charitable assets, the requirement to employ financial controls can help ensure the integrity of nonprofits by deterring mismanagement and misconduct and allowing the discovery of financial problems in time to fashion remedies in order to keep nonprofits viable.

In this climate, Pitzer College believes it is important to reaffirm that it is deeply committed to upholding the highest ethical principles and professional standards of conduct in carrying out the financial affairs of the College. Like many of its peer institutions, Pitzer is a complex decentralized organization. Many members of the Pitzer community, including faculty, staff and students, routinely conduct business transactions. The College is taking this opportunity to issue a Financial Integrity Code of Conduct that is intended to provide guidance to the Pitzer community regarding the appropriate conduct of Pitzer College financial affairs. It is the responsibility of each member of the Pitzer community to assure appropriate stewardship of the human, financial, physical, and technological resources that enable the College to pursue its mission. This code applies as well to consultants, vendors, and contractors working for or doing business with the College. These individuals are referred to collectively as the "Pitzer College community."

### **Financial Integrity Code of Conduct**

Institutions of higher education are entrusted by society with significant resources and commensurate responsibilities for assuring appropriate use of resources in carrying out the mission of the organization. This Code is based upon the principle of responsible community membership. It is the responsibility of every member of the Pitzer College community to safeguard and preserve the assets and resources of the College.

The following code of conduct adopted by the Trustees sets forth the standards expected from member of the Pitzer College community:

1. To ensure that College funds, assets, or resources are not used for any personal, unlawful or improper purpose.
2. To understand that the use of any College equipment, supplies, or facilities for a revenue generating activity that benefits an individual or a for-profit organization without the express written approval of the Treasurer's Office is strictly prohibited
3. To refrain from using one's position of authority over another to assign an employee, student or volunteer to perform non-employment or non-College related tasks.
4. To recognize that with any position of authority comes the responsibility to develop and implement controls which minimize the occurrence of opportunities for fraud, theft, embezzlement, or other financial misconduct.
5. To ensure that all revenues and expenditures are recorded and accounted for within the financial accounting system of the College.
6. To prevent false or artificial entries from being made in the accounting records of the College for any reason.
7. To make certain that all payments on behalf of the College are used only for the purpose described in the documents supporting the payment.
8. To ensure that each member of the Pitzer College community complies fully with all lawful requirements, both domestic and foreign, applicable to the business affairs of the College.

Although broad in scope, these standards are not intended to be all-inclusive but rather are intended to provide members of the Pitzer College community with concrete examples of the manner in which the College expects its members to conduct themselves with respect to the financial integrity of the College. The Trustees recognize that there might be instances in which this Code may not provide sufficient guidance in determining the proper course of action to a member of the Pitzer College community. Therefore, in an effort to facilitate the determination of whether a particular action comports with this Code, the Trustees provide the following framework to assist members of the Pitzer College community in understanding their personal and professional obligation to adhere to appropriate standards of financial conduct related to use of College resources. This framework consists of a set of questions designed to assist in the determination of a proper course of action:

1. Is the course of action being considered regulated by any of the standards specifically addressed in this Code? If so, what is the proper action according to such standard?

2. Is there a possibility that my employment will be jeopardized if I pursue the contemplated course of action?

3. Can I approach someone with authority who can assist me in determining whether the action I am contemplating complies with the requirements imposed by this Code?

### **Reporting Violations of the Code of Business Conduct**

The College's internal controls and operating procedures are intended not only to detect but more importantly, to prevent or deter wrongful, unethical or unlawful activities. However, on occasion, intentional and/or unintentional violations of laws, regulations, policies and procedures may occur. In the event that this occurs, the College has a responsibility to investigate and report allegations of suspected wrongful or unlawful activities to the appropriate parties, and to protect those employees who, in good faith, report these activities to the appropriate authorities as indicated under the section entitled Reporting Procedures.

All faculty and staff are expected to report any suspected instance of fraud, theft, embezzlement, or other financial misconduct in the manner provided under Reporting Procedures. All reports of suspected financial misconduct shall be made confidentially and directly to the Chair of the Pitzer College Audit Committee who shall oversee the receipt, retention and resolution of such reports. The Chair will work with the College administration, and outside advisors as necessary, to ensure that these reports receive the appropriate attention.

*“Enforcement Mechanism”* - Individuals in a supervisory capacity have a special duty to adhere to the standards set forth in the Financial Integrity Code of Conduct and are expected to recognize violations and to enforce the standards.

*“Internal Disciplinary Actions”* - Disciplinary actions for proven violations of the Financial Integrity Code of Conduct, or for retaliation against anyone who reports possible violations, will be determined on a case-by-case basis and may include termination of employment.

*“External Consequences of Violating Code”* - Individuals who violate the Financial Integrity Code of Conduct may also be subject to civil and/or criminal prosecution in some circumstances.

*“Fraudulent or Unfounded Report”* - It is a violation of this Code to knowingly make fraudulent allegations of financial misconduct with the intent to cause harm to another individual. Those making such allegations are also subject to disciplinary action, up to and including termination of employment.

*“Protection of those Reporting Violations”* - Protection of individuals who submit reports of suspected financial misconduct is an important element of this Code, as is maintenance of the confidentiality, objectivity and independence necessary to resolve complaints appropriately. The Chair of the Audit Committee and the College Administration share responsibility for maintaining these features of the Code, although, depending on the nature of the violation or the actions of law enforcement agencies, this confidentiality cannot be guaranteed.

*“Annual Reports”* - All reports of suspected financial misconduct, whether or not determined to be well-founded, will be reported annually to the Audit Committee of the Board of Trustees. The reports will include the following information: (a) the allegation made or question raised; (b) the amount of money potentially involved (c) the College’s conclusion as to what in fact occurred (d) the individuals involved (e) how the misconduct, if any, was identified (f) how any misconduct was perpetrated (g) how the College chose to deal with the perpetrator and (h) the controls that have been implemented to prevent recurrence of the financial misconduct.

## **Reporting Procedure**

In order to enable faculty and staff to report concerns about possible financial misconduct, with reassurance that they will be protected from retaliation for acting in good faith, the College has contracted with an outside reporting service called MySafe Campus. MySafeCampus is responsible for receiving and forwarding reports of financial misconduct to the Chair of the Audit Committee of the Board of Trustees. All violations or suspected violations of the Financial Integrity Code of Conduct should be reported by telephone or on-line by accessing the MySafeCampus website ([www.MySafeCampus.com](http://www.MySafeCampus.com)) or by calling the toll-free number (1-800-716-9007). Both methods are available 24 hours a day, seven days a week. Both the online reporting system and the call center can handle reports in Spanish and numerous other languages.

Upon submission, the reporting party is provided with a confidential access number and is asked to generate a personal password that provides access to the status report. The reporting party may also send and receive anonymous messages pertaining to his/her report. Responding to any follow-up questions posted on the message board from the Chair of the Audit Committee or designed college officer will expedite an efficient investigation.

When a reporting party makes a report, he/she will be asked to choose among three levels of anonymity: anonymous to both the College and MySafe Campus; anonymous to the College but not to MySafeCampus; or known to both parties. The report should contain as much detailed information about the incident(s) as possible in order to facilitate a thorough investigation. Once a report is made, it is important for the reporting party to check the status of the report periodically, to determine whether or not additional information is required in order to pursue the investigation. If additional information is needed but not provided, the investigation may be deemed inconclusive and, therefore, result in no action.

## **Coordination with Other Policies Regarding Ethical Conduct**

The Financial Integrity Code Conduct is meant to supplement not replace existing university policies and codes published in the Faculty Handbook, Staff Handbook and Student Handbook. Other policies setting forth standards of ethical conduct for members of the Pitzer community cover a wide range of topics including, but not limited to, the following:

- Appropriate Use of Information Technology
- Pitzer College Community Values
- Conflict of Interest
- Equal Opportunity and Fair Employment Practices
- Responsibilities of Principal Investigators of Sponsored Research Projects
- Information Privacy and Confidentiality
- Environmental and Workplace Health and Safety
- Records Retention
- Drug Free Workplace
- Sexual or Other Harassment
- Academic Dishonesty

Any questions regarding the Financial Integrity Code of Conduct should be directed to the Vice President for Administration and Treasurer (Ext. 18243) or the Director of Human Resources (Ext. 18254).