



FRAUDULENT OR DISHONEST CONDUCT AND WHISTLEBLOWER POLICY

The Community Foundation of Northern Illinois (Foundation) is committed to maintaining the highest standards of conduct and ethics. This Fraudulent or Dishonest Conduct & Whistleblower Policy (the “Policy”) reflects the practices and principles of behavior that support this commitment.

The purpose of this policy is to establish policies and procedures to:

1. Prevent or detect and correct improper activities;
2. Encourage each Foundation trustee, officer, employee, volunteer, and agent to report what he or she in good faith believes to be a material violation of law or policy or questionable accounting or auditing matter;
3. Ensure the receipt, documentation, retention of records, and resolution of reports received under this policy; and
4. Protect reporting individuals from retaliatory action.

DEFINITIONS

BASELESS ALLEGATIONS: allegations made with reckless disregard for their truth or falsity; that are unsubstantiated; or are made with the foreknowledge that the allegations are false.

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:

1. Forgery or alteration of documents
2. Unauthorized alteration or manipulation of computer files
3. Fraudulent financial reporting
4. Pursuit of a benefit or advantage in violation of the Foundation’s conflict of interest policy
5. Misappropriation or misuse of Foundation resources, such as funds, supplies, or other assets
6. Authorizing or receiving compensation for goods not received or services not performed
7. Authorizing or receiving compensation for hours not worked

WHISTLEBLOWER: an individual who reports an activity relating to the Foundation which that individual believes to be fraudulent or dishonest.

POLICY

The Foundation expects every employee, officer and Board member to read and understand the Policy and its application to the performance of his or her responsibilities. Employees and Board members acknowledge in writing that they have read and understood the whistleblower policy annually. The



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whistleblower policy is disclosed routinely to volunteers, consultants, and any individual or organization acting as an external agent of the Foundation.

The Foundation will investigate any internal or external good faith complaint of possible fraudulent or dishonest use or misuse of Foundation resources or property by management, staff, or volunteers. The Foundation will take appropriate action against anyone found to have engaged in FRAUDULENT OR DISHONEST CONDUCT, including disciplinary action by the Foundation, or civil or criminal prosecution when warranted.

All members of the Foundation community are encouraged to report possible FRAUDULENT OR DISHONEST CONDUCT (i.e., to act as a WHISTLEBLOWER), pursuant to the procedures set forth in the next section.

REPORTING RESPONSIBILITY

Each WHISTLEBLOWER has an obligation to report what he or she believes is a material violation of law or policy or any questionable accounting or auditing matter by the Foundation, its officers, trustees, employees, volunteers, agents, or other representatives. WHISTLEBLOWERS must also notify the Foundation if action needs to be taken in order for the Foundation to be in compliance with law or policy or with generally accepted accounting practices.

The types of concerns that should be reported include, for purposes of illustration and without being limited to, the following:

1. Providing false or misleading information on the Foundation's financial documents, grant reports, tax returns, or other public documents;
2. Providing false information to or withholding material information from the Foundation's auditors, accountants, lawyers, trustees, or other representatives responsible for ensuring Foundation compliance with fiscal and legal responsibilities;
3. Embezzlement, private benefit, or misappropriation of funds;
4. Material violation of Foundation policy, including among others, confidentiality, conflict of interest, whistleblower, ethics, and document retention;
5. Discrimination based on race, color, religion, sex, national origin, age, disability, height, economic status, or sexual orientation;
6. Violation of Federal, Illinois, or local laws, rules, or regulations; or
7. Facilitating or concealing any of the above or similar actions.

HOW TO REPORT

An employee's concerns about possible fraudulent or dishonest use or misuse of resources or property should be reported to his or her supervisor or manager. If for any reason an employee finds it difficult



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to report his or her concerns to a manager or supervisor, the employee may report it directly to the President, the Chair of the Board of Trustees, or the Chair of the Audit Committee. WHISTLEBLOWERS who are not employees may report complaints directly to the President, the Chair of the Board of Trustees, or the Chair of the Audit Committee. WHISTLEBLOWERS are encouraged to report the concern verbally so that the manager or other person receiving the complaint can ask clarifying questions in order to ensure that the concern is fully understood. If the concern is communicated in writing, the WHISTLEBLOWER should ensure that the concern is described in detail. Less than a thorough understanding may impair any investigation into the concern.

Concerns may be submitted anonymously. Because it is impossible to seek additional information from an anonymous WHISTLEBLOWER, anonymous WHISTLEBLOWERS are encouraged to submit as much specific information as possible.

HANDLING OF REPORTED VIOLATIONS

The Foundation will investigate all reports filed in accordance with this policy with due care and promptness. Matters reported internally without initial resolution will be investigated by the President of the Foundation to determine if the allegations are true, whether the issue is material and what actions, if any, are necessary to correct the problem. Foundation staff will issue a full report of all matters raised under this policy to the Audit Committee. The Audit Committee may conduct a further investigation upon receiving the report from the President.

For matters reported directly to the Audit Committee chair or to the Board chair, the Audit Committee shall promptly (generally within 5 business days) acknowledge receipt of the complaint to the WHISTLEBLOWER if their identity is known and conduct an investigation to determine if the allegations are true; whether the issue is material; and what, if any, corrective action is required. Upon the conclusion of this investigation, the Audit Committee shall promptly report its findings to the Executive Committee.

AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee shall have full authority to investigate concerns raised in accordance with this policy. The Audit Committee may retain outside legal counsel, accountants, private investigators, or any other resource that the Committee reasonably believes is necessary to conduct a full and complete investigation of the allegations, subject to the approval of the Executive Committee.

MANAGERS OR SUPERVISORS

Managers or supervisors are required to report suspected FRAUDULENT OR DISHONEST CONDUCT to the President. In addition, managers or supervisors are responsible for maintaining a system of management controls to detect and deter FRAUDULENT OR DISHONEST CONDUCT. Failure by a manager or supervisor to report misconduct within the scope of this policy may result in adverse personnel action against the manager or supervisor, up to and including dismissal. The President is available to assist management in establishing management systems and recognizing improper conduct.



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

1. BASELESS ALLEGATIONS
2. Premature notice to persons suspected of misconduct
3. Disclosure of suspected misconduct to others not involved with the investigation
4. Violations of a person's rights under law

Accordingly, a manager or supervisor who becomes aware of suspected misconduct:

1. Should not contact the person suspected to further investigate the matter or demand restitution
2. Should not discuss the case with anyone other than the President
3. Should not report the case to an authorized law enforcement officer without first discussing the case with Foundation's legal counsel
4. Should direct all inquiries from any attorney to the President for referral to legal counsel
5. Should direct all inquiries from the media to the President for possible referral to legal counsel

WHISTLEBLOWER PROTECTION

The Foundation will protect WHISTLEBLOWERS as defined below.

The Foundation will use its best efforts to protect WHISTLEBLOWERS against retaliation, as described below. Reports will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally, this means that WHISTLEBLOWER complaints will only be shared with those who have a need to know so that the Foundation can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a WHISTLEBLOWER complaint, such persons may also have the right to know the identity of the WHISTLEBLOWER.)

Employees of the Foundation may not retaliate against a WHISTLEBLOWER for informing management about an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or conditions of the WHISTLEBLOWER's employment, 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 President, the Board chair, or the Audit Committee chair. Any complaint of retaliation will be promptly investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. Complaints of retaliation are investigated in the same manner as reports of fraudulent or dishonest behavior. This protection from



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retaliation is not intended to prohibit managers or supervisors 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. People making such allegations may be subject to disciplinary action by the Foundation up to and including termination of employment, dismissal from a volunteer position, or cancellation of a contract with the Foundation. Individuals making BASELESS ALLEGATIONS may be subject to legal claims by individuals unjustly accused of FRAUDULENT OR DISHONEST CONDUCT.

CONTACTS

Questions related to the interpretation of this policy should be directed to the President.

CONTACT INFORMATION

Please refer to our website at www.cfnil.org/team/ or www.cfnil.org/trustees for contact information.

Adopted by the Board August 16, 2017.

Reviewed by Board Secretary:

Jon Bates

REVISION RECORD:

REVISION	DESCRIPTION	REVISION DATE
01	Updated	10/19/2011
02	Removed specific names and contact information.	8/16/2017

REVIEW RECORD:

REVIEW DATE