

# *Portland Community College*

## **Internal Audit Procedures**

### **I. Introduction**

The purpose of this procedure is to communicate the Portland Community College (PCC) responsibilities for the investigation of alleged fraudulent or irregular activities and provide specific instructions regarding appropriate action in cases of suspected improprieties received through the PCC **Ethics Point Reporting System**.

The procedure covers reports received through the Ethics Point Reporting System and will ensure investigations are conducted in a fair manner, both to PCC and the employee; actions taken are consistent from case-to-case; investigations are completed and actions are timely; and appropriate personnel are adequately informed about the status of ongoing investigations. Use of the Ethics Point Reporting System is not intended to take the place of existing reporting mechanisms and processes established for concerns related to:

- academic matters such as grade appeals, curriculum structure, and teaching effectiveness, which shall be addressed through the proper academic process;
- employment disputes, such as those governed under collective bargaining agreements, which shall be addressed through Human Resources Office;
- reporting of crimes on campus, which shall be made directly to the Department of Public Safety; and,
- matters dealing with harassment, sexual harassment, and discrimination, which shall be addressed by the Office of Affirmative Action.

### **II. Definitions**

- A. **Fraud/Waste/Abuse:** Fraudulent or irregular activities represent instances where a PCC employee intentionally uses or abuses their position to obtain or withhold property of PCC or an affiliated organization. Examples include, but are not limited to: misappropriation of funds, theft or embezzlement of cash, equipment or supplies; falsification of official records such as time sheets, travel expense reports, and student records; performing or directing employees to perform non-PCC work during work hours; and using PCC facilities or property for personal gain or any unauthorized use, or otherwise inappropriate use of public funds.
- B. **Public Funds:** All monies received by PCC are public funds including, but not limited to, state appropriations, tuition, and other student fees; restricted and unrestricted gifts and gifts-in-kind; restricted and unrestricted grants; ticket sales from cultural or other events; revenue from conferences; corporate sponsorships; and investment income.

### **III. Responsibility**

- A. PCC employees are responsible for safeguarding PCC resources by (1) establishing and maintaining sound business controls designed to deter and detect potential fraud, waste, or abuse; (2) taking action to minimize financial loss when fraud, waste, or abuse occurs; and (3) correcting fraud, waste, or abuse. Each employee should be familiar with different types of possible fraud, waste, or abuse, and be alert for any indication that a fraud, waste, or abuse is or was in existence in their area.
- B. PCC shall maintain the Ethics Point Reporting System operated by an external vendor to provide independent collection of information related to suspected fraud, waste, or abuse. PCC's Ethics Point Reporting System logon example is shown in Appendix A.

The Office of the Internal Auditor (OIA), in consultation with PCC's Legal Counsel, shall be responsible for the administration of the Ethics Point Reporting System.

- 1. Each campus president and the College President shall appoint an Ethics Point Reporting System liaison ("PCC entity liaison" or "liaison") to coordinate with the OIA and be responsible for management of incident reports received for their campus.
  - 2. All alleged incidents of fraud, waste, or abuse that are brought to the attention of the campus administration must be reported to the OIA who will enter it into the Ethics Point Reporting System.
  - 3. The OIA will ensure the Ethics Point Reporting System is kept current and will provide quarterly updates to the College President and Board of Directors' Audit Committee on all activity.
- C. All information contained in the Ethics Point Reporting System and resulting from any subsequent investigation is confidential to the extent possible under the law and relevant collective bargaining agreements, including the identity of the reporter (if known), individuals who are subject to the investigation or party to the allegations, and any private information disclosed within the allegation.
  - D. Retaliation against anyone who reports in good faith potential fraud, waste, or abuse is prohibited. Allegations of retaliation shall be investigated and, if founded, discipline may result.

### **IV. Initial Review and Determination**

- A. Incident reports submitted through the Ethics Point Reporting System will be assessed discretely, and in a timely and appropriate manner. OIA, in concert with PCC's legal

counsel, will determine (1) if the report involves fraud, waste, or abuse, (2) if an investigation is warranted, (3) if the investigation will be handled by the OIA and the PCC campus involved, and (4) make the necessary referral as appropriate.

Situations where the investigation will be conducted by the OIA may include, but are not limited to, conflicts of interest at the campus level and matters which could bring ill repute upon PCC.

Notifications to governing bodies or external agencies will be made in the following circumstances:

1. If the College President is the subject of an investigation, the OIA, in consultation with Legal Counsel, will notify the Board of Directors' Audit Committee chairperson and chairperson of the Board of Directors.
  2. If a campus president is the subject of an investigation, the OIA, in consultation with Legal Counsel, will report the matter to the College President, Board of Directors' Audit Committee chairperson, and chairperson of the Board of Directors.
  3. If an employee is the subject of an investigation, the College President, in consultation with Legal Counsel, will notify the Board of Directors' Audit Committee chairperson and chairperson of the Board of Directors.
  4. If member(s) of PCC's Board of Directors or external board or personnel of affiliated organizations, who are not employees of PCC, are the subject of an investigation, the College President, in consultation with Legal Counsel, shall refer the matter for investigation to the appropriate agency.
- B. Once the OIA, in concert with PCC's legal counsel, determines an investigation is warranted and makes referral to the appropriate campus, the respective PCC entity liaison will have access to reports assigned to them through the Ethics Point Reporting System for review and appropriate action. The liaison is responsible for communicating the complaint to the campus president or designee; in cases involving a campus president, to the College President or designee.
- C. The campus president or College President may place an employee(s) involved in known or suspected misuse of PCC resources on appropriate leave under the terms of the applicable collective bargaining agreement or Board of Directors' policy during the investigation. Placing an employee on leave may be proper when there is evidence he/she is responsible for misuse of resources and his/her continued presence at work may interfere with the investigation or further expose PCC property to loss through possible misuse.

- D. In instances of external inquiries, which may include the media, the response will be developed by the College President, in consultation with the Office of Public Relations.

## V. Investigation Procedures

- A. **Conduct of Investigation:** Investigations shall be conducted and reported in a manner that:

- fulfills PCC's legal and fiduciary responsibilities;
- minimizes loss and promotes recovery of PCC resources;
- identifies controls that should be strengthened to reduce future vulnerability regarding misuse of PCC resources;
- protects the rights of the accused, the interests of those making allegations, and the public trust;
- provides confidentiality compatible with an effective response and applicable reporting requirements; and,
- guards against real or apparent conflicts of interest.

- B. **Assignment of Investigation and Notification Process:** Once assigned, the PCC entity liaison shall review the report in the Ethics Point Reporting System and provide notifications as follows.

Within two business days – Notify the College President and/or campus president, or designee, of the reported incident and of the liaison's responsibility to conduct the investigation.

Within five business days – An initial response to the reporter should be made by the liaison through the Ethics Point Reporting System indicating the complaint has been received and the matter is being reviewed.

Within five to ten business days – If an initial response to the reporter is not made within five business days by the liaison, the OIA will follow-up with the liaison to determine the status. If the liaison is out of the office and/or unable to respond, then OIA will make the initial response.

Eleventh business day – If an initial response to the reporter is not made by the liaison within ten business days, the report will be sent to the College President by the OIA for direction.

- C. **Determination of Appropriate Investigator(s):** The PCC entity liaison, or their designee, assigns the investigator or the investigative team responsible for handling the

investigation. The investigator or the investigative team may include, but not be limited to, representatives from the following areas or analogous positions on a campus:

- OIA;
- legal counsel and/or PCC special investigator;
- social equity coordinator;
- financial officer (reports alleging financial improprieties/fraud);
- human resources and labor relations;
- the College President and/or external experts.

**D. Responsibility of Investigative Team:** The investigator or the investigative team will conduct timely and thorough investigations, which should include the following:

1. Determine if adequate information was provided in the incident report to conduct a review/investigation. If not, request the liaison notify the reporter through the Ethics Point Reporting System that additional information is required.
2. Develop an investigation strategy: Determine the scope of the investigation, responsibilities of parties, interviews to be conducted, records to be reviewed, and appropriate offices/personnel to be involved.
3. When appropriate, take immediate action to secure and protect from destruction or alteration all pertinent records.
4. Identify potential reporting obligations and make recommendations regarding the need to notify external entities (e.g., federal granting agencies, law enforcement, etc.), when notification should occur and report made, and how this responsibility will be fulfilled.
5. Define communication process: Determine when to inform parties affected by the allegation/investigation and best method of communication.
6. Maintain appropriate records documenting the allegation, the investigative process, outcomes, and corrective actions.
7. Provide updates regarding the status of the investigation to the PCC entity liaison. The liaison is responsible for providing the status of ongoing investigations to OIA, when requested.

**E. Actions:** Investigative outcomes should determine if any appropriate corrective actions are necessary, including recommendation of referral to an external agency. The process should include determination if a systemic problem exists and whether adequate internal controls (policies, practices, guidelines, etc.) exist to prevent future occurrences.

- F. **Conclude Investigation:** Upon conclusion of the investigation, the liaison should document the status of investigative outcomes in the Ethics Point Reporting System. Where the situation warrants, the OIA may notify the reporter through the Ethics Point Reporting System regarding the status of the investigation.

## Appendix A

EthicsPoint - Mozilla Firefox

File Edit View History Bookmarks Tools Help

https://secure.ethicspoint.com/domain/en/default\_reporter.asp

Client Login

**ep ethics·point**  
Integrity at work

**file a new report**

Enter Organization Name

Submit

**follow-up on an existing report**

Report Key

Password

Submit

Providing anonymous, confidential hotlines for organizations worldwide.

EthicsPoint's goal is to ensure that you can communicate issues and concerns associated with unethical or illegal activities safely and honestly with an organization's management or the board of directors while maintaining your anonymity and confidentiality. EthicsPoint is Safe Harbor Certified through the United States Department of Commerce as a hotline provider having security measures in place to address EU privacy initiatives and other global privacy directives.

We strive to make reporting issues and concerns as straightforward and uncomplicated as possible. The following web pages will guide you through the process while maintaining your confidentiality and anonymity at each step. Follow these steps to submit your report:

1. Enter the name of the organization for which you are submitting a report and select the correct option
2. Click on the Violation Category that best describes the issue you are reporting
3. Agree to the "Terms and Conditions" then complete the form
4. Before submitting your report, create a password to follow-up on your report.

After submitting your report, you'll be assigned a report key. Your password and report key allow you to follow-up on your report.

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