

F2 – Policies – Suspected Misconduct and Dishonesty

Introduction

Like all organizations, LEAF is faced with the risks that come from wrongdoing, misconduct, dishonesty and fraud. As with all business exposures, we must be prepared to manage these risks and their potential impact in a professional manner.

The impact of misconduct and dishonesty may include:

- The actual financial loss incurred
- Damage to the reputation of our organization, our employees or our board members
- Negative publicity
- The cost of investigation
- Loss of employees or board members
- Loss of donors
- Damaged relationships with our contractors and suppliers
- Litigation
- Damaged employee and board member morale

LEAF's goal is to establish and maintain a business environment of fairness, ethics and honesty for our employees, our customers, our donors, our board members, our grant recipients and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and board member every day.

Our organization is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

Purpose

The purpose of this document is to communicate the organizations policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees, board members and others, and to provide specific instructions regarding appropriate action in case of suspected violations.

Definition of Misconduct and Dishonesty

For purposes of this policy, misconduct and dishonesty include but is not limited to:

- Acts which violate the organization's Code of Conduct
- Theft or other misappropriation of assets, including assets of the organization, our customers, donors, suppliers or others with whom we have relationships
- Misstatements and other irregularities in company records, including the intentional misstatement of the results of operations
- Wrongdoing
- Forgery or other alteration of documents
- Fraud and other unlawful acts
- Any similar acts.

The company specifically prohibits these and any other illegal activities in the actions of its employees, board members, executives and others responsible for carrying out the organization's activities.

Policy and Responsibilities

Reporting

It is the responsibility of every employee, board member and executive to immediately report **suspected** misconduct or dishonesty to an executive committee member. Any reprisal against any employee, board member, or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden.

Due to the important yet sensitive nature of the suspected violations, effective professional follow up is critical. Board members, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. **Concerned but uninformed board members represent one of the greatest threats to proper incident handling.** All relevant matters, including suspected but unproved matters, should be referred immediately to those with follow up responsibility.

Additional Responsibilities of Directors

Employees and board members with supervisory and review responsibilities at any level have additional deterrence and detection duties. If you have supervisory or review responsibility then in addition to reporting suspected violations as is required above, you have three additional responsibilities.

First, you must become aware of what can go wrong in your area of responsibility.

Second, you must put into place and maintain monitoring, review and control procedures which will prevent acts of wrongdoing.

Third, you must put into place and maintain monitoring, review and control procedures which will detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these three additional responsibilities is often delegated to subordinates. However, accountability for their effectiveness cannot be delegated and will remain with supervisors and managers.

Assistance in effectively carrying out these responsibilities is available through the executive committee and through other sources.

Responsibility and Authority for Follow Up and Investigation

The executive committee has the primary responsibility for all investigations involving the organization. The executive committee may request assistance in any investigation.

Properly designated members of the investigative team will have:

- Free and unrestricted access to all company records and premises, whether owned or rented
- The authority, on the organizations premises, to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow up procedures.

All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and organization procedures.

Reported Incident Follow Up Procedure

Care must be taken in the follow up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway, and to avoid making statements which could adversely affect the organization, an employee, a board member, or other parties.

Accordingly, the general procedures for follow up and investigation of reported incidents are as follows:

1. Employees, board members and others must immediately report all factual details as indicated above under Policy.
2. The executive committee has the responsibility for follow up and, if appropriate, investigation of all reported incidents.
3. All records related to the reported incident will be retained wherever they reside.
4. Do not communicate with the suspected individuals about the matter under investigation.
5. In appropriate circumstances and at the appropriate time, an executive committee member will notify the officer of the employee's organization.
6. The executive committee may also obtain the advice of an attorney at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
7. Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively,
8. All inquiries from an attorney or any other contacts from outside of the company, including those from law enforcement agencies or from the employee under investigation, should be referred to the executive committee.

Investigative or other follow up activity will be carried out without regard to the suspected individual's, position or level, or relationship with the organization.

Questions or Clarifications Related to This Policy

All questions or other clarifications of this policy and its related responsibilities should be addressed to the organization's president, who shall be responsible for the administration, revision, interpretation, and application of this policy.

Adopted December 2008

Reviewed & Updated - 2021