



CalPolyPomona

Philanthropic
Foundation

POLICIES AND PROCEDURES

Subject: Ethics

Policy No. 722

Date: 07/2019

POLICY:

It is the policy of the Foundation Board of Directors to develop and implement programs, controls and measures that prevent, deter and detect fraud and ensure a culture and environment that promotes honesty and ethical behavior. Unethical or dishonest behavior in any form will not be tolerated.

This Foundation Ethics Policy is based on two fundamental elements; 1) evaluate the risks of fraud and implement the processes, procedures and controls needed to eliminate or reduce the opportunities for fraud, and 2) develop an appropriate oversight process. It is the responsibility of the Foundation's Board of Directors and, Finance and Investment, and Audit Committees. The two fundamental elements of this Ethics Policy are presented in detail below;

A. Create and Maintain a Culture of Honesty and High Ethics

It is the responsibility of the directors and officers (management) of the Foundation to create and maintain a culture of honesty and high ethics and to clearly communicate acceptable behavior and expectations. The cornerstone of an effective anti-fraud environment is a culture with a strong value system founded on integrity. Creating and maintaining a culture of honesty and high ethics shall include the following activities:

1. Management of the Foundation shall "set the tone at the top" for ethical behavior. Management must behave ethically and openly communicate its expectations for ethical behavior. Management must show through its words and actions that dishonest or unethical behavior will not be tolerated.

2. Creating a positive environment that supports and reflects Foundation values and this Ethics Policy shall be a priority of Foundation management.
3. New Board Members shall be trained at the time of appointment on Foundation Conflict of Interest and Ethics Policy.
4. Foundation management shall react immediately to incidents of alleged or suspected fraud, therefore helping to reduce the number of future incidents of alleged or suspected fraud. Expectations about the consequences of committing fraud will be clearly communicated throughout the Foundation by management.

B. Evaluate the risks of fraud and implement the processes, procedures and controls needed to eliminate or reduce opportunities for fraud

It is the responsibility of the Board to be proactive in eliminating or reducing fraud opportunities by: a) identifying and measuring fraud risks, and b) implementing and monitoring appropriate preventive and detective internal controls and other deterrent measures.

1. Identifying and Measuring Fraud Risks

It is the responsibility of Foundation to establish and monitor all aspects of the Foundation's fraud risk-assessment and prevention activities. The fraud risk-assessment process shall consider the vulnerability of the Foundation to fraudulent activity (such as fraudulent financial reporting and misappropriation of assets) and whether any of those exposures could result in a material misstatement of the financial statements or material loss to the Foundation.

2. Implementing and Monitoring Appropriate Internal Controls

Foundation shall ensure that appropriate, internal controls, policies, procedures, systems and processes are in place and functioning appropriately in order to eliminate or reduce opportunities for fraud.

C. Develop an appropriate oversight process

The oversight function of the Foundation shall include: a) the Finance and Investment, and Audit Committees, b) the Cal Poly Pomona Department of Financial Services, c) the California State University, Office of the University Auditor, d) the Cal Poly Pomona University Auditor and e) the Foundation's independent auditor.

1. The Finance and Investment and Audit Committees

The Finance and Investment and Audit Committees shall evaluate management's identification of fraud risks, implementation of anti-fraud measures and creation of the appropriate "tone at the top." The Committees will ensure (the Chief Executive Officer) implements appropriate fraud deterrence and prevention measures.

The Committees will keep the Board of Directors fully informed on all issues related to the Ethics Policy and bring to the Board any action items that are needed to resolve such issues.

It is the responsibility of management to supervise and oversee the activities carried out by authorized signers and volunteers and will do so by implementing and monitoring the processes and controls set forth in the Ethics Policy, including those identified by the Board of Directors, the Finance and Investment, Audit Committees, the Cal Poly Pomona Foundation, Inc (as outlined in the business services agreement), the California State University, Office of the University Auditor, the Cal Poly Pomona University Auditor and the Foundation's independent auditor.

Management shall inform all authorized signers and volunteers that any concerns about unethical behavior, actual or suspected fraud or violations of the Foundation's Ethics Policy, shall be brought to the immediate attention of the Foundation Chief Executive Officer and Chief Financial Officer.

2. The California State Polytechnic University, Pomona's Department of Financial Services and the University Auditor may be consulted to provide an evaluation of fraud risks and controls and to recommend action to mitigate risks and improve controls.

3. The California State University, Office of the University Auditor

Through periodic audits of the Foundation, the University Auditor shall make recommendations on the adequacy of controls to prevent, deter and detect fraud. It is the responsibility of management to act on any recommendations.

4. Independent Auditors

Independent auditors shall assist management, the Finance and Investment, Audit Committees and the Board of Directors by providing an assessment of the Foundation's process for identifying, assessing and responding to the risks of fraud. The Finance and Investment, Audit Committees and the Board of Directors shall have an open and candid dialogue with the independent auditors regarding management's risk assessment process and the system of internal controls. Such a dialogue will include a discussion of the susceptibility of the Foundation to fraudulent financial reporting and the Foundation's exposure to misappropriation of assets.