

November 5, 2018

**TO:** ArtStream Board of Directors  
**FROM:** Heller An Shapiro, Executive Director  
**RE:** Reporting Misconduct and Whistleblower Protection Policy Proposal

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**BACKGROUND:**

The Auditors and the *Standards of Excellence: An Ethics and Accountability Code for the Nonprofit Sector* recommend adoption of a policy to allow for confidential reporting of misconduct and whistleblower protection.

**PROPOSAL:**

- A. Determine who will be available for reporting:  
*See attached policy, paragraph 3:* All members of the ArtStream staff, board, and stakeholder community are to report possible fraudulent or dishonest conduct (including but not limited to financial improprieties or misuse of ArtStream's resources) confidentially to **[Board Chair, Board Vice President, Executive Director]**. If for any reason an employee finds it difficult to report his or her concern to **[Executive Director]**, the employee can report it directly to **[Board Chair or Board Vice President]**.
- B. Review and adopt a policy similar to the attached.

**RATIONALE:**

According to the *Standards of Excellence: An Ethics and Accountability Code for the Nonprofit Sector*:

Organizations must provide employees, board members, and volunteers a confidential means to report suspected impropriety or misuse of organizational resources. Organizations should have in place a policy prohibiting retaliation against persons reporting improprieties.

**The Sarbanes-Oxley Act of 2002, Title VIII: Corporate and Criminal Fraud Accountability (Sec. 806)** Amends Federal criminal law to prohibit a publicly traded company from retaliating against an employee because of any lawful act by the employee to: (1) assist in an investigation of fraud or other conduct by Federal regulators, Congress, or supervisors; or (2) file or participate in a proceeding relating to fraud against shareholders.

*Attached: ArtStream proposed Policy on Reporting Improprieties, Fraudulent or Dishonest Conduct*

**Proposed:**  
**ArtStream Policy on Reporting Improprieties, Fraudulent or Dishonest Conduct**

It is the policy of ArtStream to safeguard and protect all of ArtStream's resources. The ArtStream Board of Directors and Staff are primarily responsible for safeguarding the nonprofit's resources by establishing and maintaining sound internal controls designed to detect and deter potential misuse of resources, by taking action to minimize financial loss when misuse occurs, and by correcting abuse. All employees and board members are responsible for reporting improprieties they observe.

ArtStream will investigate any possible impropriety or fraudulent or dishonest use or misuse of ArtStream's resources or property by board, staff, contractors, or program participants. Anyone found to have engaged in an impropriety or fraudulent activity is subject to disciplinary action by ArtStream up to and including termination or dismissal, and civil or criminal prosecution when warranted.

All members of the ArtStream staff, board, and stakeholder community are to report possible fraudulent or dishonest conduct (including but not limited to financial improprieties or misuse of ArtStream's resources) confidentially to [**Board Chair, Board Vice President, Executive Director**]. If for any reason an employee finds it difficult to report his or her concern to [**Executive Director**], the employee can report it directly to [**Board Chair or Board Vice President**].

A few examples of fraudulent conduct or impropriety include:

- Forgery or alteration of documents;
- Pursuit of a benefit or advantage in violation of ArtStream's conflict of interest policy;
- Misappropriation or misuse of ArtStream's resources, such as funds, supplies, other assets;
- Abuse or inappropriate activity with a program participant;
- Verbal or written disclosure of confidential medical information;
- Authorizing payment or receiving compensation for goods not received, services not performed or hours not worked; and
- Fraudulent financial reporting.

Criteria used to determine whether certain activities or behavior constitute misuse of resources include state and federal laws, and ArtStream policies and procedures. No retaliatory organizational action will be taken against those who report truthful information about the commission or possible commission of any offense, even if the person incorrectly believes that a violation has occurred.

The person reporting may choose to do so anonymously via mail or through other means of communication.

All efforts will be made to protect the confidentiality of those who report financial improprieties and choose to do so anonymously. However, in certain situations, legal requirements make it impossible to keep the individual's identity confidential.