

grounding for all internal constituents in appropriate behavior and expectations and would assist in communicating to the College's internal constituencies the importance of following (and reporting violations of) all ethical policies and procedures.

In addition, the following evidence raises concerns regarding whether College of DuPage operates with integrity and/or follows its own policies and procedures for fair and ethical behavior.

- A former long-time employee working for the College's radio station is accused, and currently is awaiting criminal prosecution, of engaging in fraudulent activity in which thousands of dollars were paid by the College to the former employee's separate business for equipment and services the College did not need. Information about the fraudulent behavior was provided some years ago to a College employee (by another local college that was also subject to the same type of behavior), who apparently did not inform any other College personnel.
- Charges for alcohol at the College's fine dining establishment, the Waterleaf, in connection with administrative and board gatherings were (as confirmed by senior administration during the team's visit) in violation of board policy and administrative procedure in most circumstances, with the exception of community meetings and gatherings. According to the College's Interim Chief Financial Officer, a number of the charges that were in violation of the College's Board Policy and Administrative Procedures were actually paid out of the College's operating account beginning some time in September 2014.
- The College of DuPage Foundation is a separate legal entity from the College of DuPage and operates under its own governing board and policies. The Foundation and College operate under a Memorandum of Understanding (MOU) dated June 22, 2009. Over the last number of years, the College entered into a number of competitive and non-competitive bids with vendors whose owners (or persons who work for the vendors) also serve on the COD Foundation Board. Questions have arisen around whether or not such activity, especially with respect to the awarding of non-competitive bids to such vendors, was proper or permitted. There is also the question of whether the awarding of such contracts avoided potential conflicts of interest or even the appearance of such conflicts of interest. Investigations by some external entities and by attorneys retained by the College are ongoing. In addition, the College itself identified one particular contract as being improper. During an interview with the internal auditor, the team

was advised that a contract with Hurricane Graphics was entered into after the contract deadline. According to the internal auditor, this contract was therefore invalid. Yet, despite knowledge of this clear violation, the contract was still accepted by the College.

- The College's internal audit report in connection with the investments of College assets indicates there were serious breaches by the College, including the fact that "the investment portfolio has several areas of non-compliance including exceeding the limits of specific types of investments that do not meet dollar, maturity or asset quality thresholds of Board Policy." In particular, the College's investments in the Illinois Metropolitan Investment (IMET) Fund, as of September 30, 2014, represented 29.2% of the College's investment portfolio. Yet, the Board's policy limits investments in local government investment pools to 5% percent of the College's portfolio. There were a number of other failings with respect to the fund investments and lack of controls over the fund investment process. As indicated previously, the College was subject to losses of over \$2 million on its investment portfolio. Further, two top administrators were placed on administrative leave and are subject to further internal and external investigations. The team was advised during several interviews with administrators that the Board was not provided full information regarding the specific investment percentages.

Moreover, other employees within the Financial Affairs office (including the Assistant Controller) received investment reports in the regular course of business (these reports clearly indicated that certain investments were beyond the Board's policy thresholds) but did not bring the matter to anyone's attention. In fact, the Assistant Controller indicated that he did not see any reason to alert anyone at the College since his supervisor, the Assistant Vice President for Financial Affairs/Controller, also received the report, even though there was access to an internal ethics telephone number to report such violation, as well as an internal auditor.

As stated earlier, while the Board received information in connection with the College's investments, the reports were not detailed enough to provide information on the specific percentage of each investment. An attempt by the administration in spring 2015 to modify the Board's policy in connection with fund investments (after the loss was incurred) was ultimately never introduced to the full Board. According to comments made by then-Chair Birt, the President and the Senior Vice President of