

# DST POLICIES AND PROCEDURES

**Section II:** Human Resources  
**Title:** Employee Relations  
**Chapter:** Whistleblower Policy  
**Current Effective Date:** March 1, 2010  
**Revision History:**  
**Original Effective Date:** March 1, 2010

## Purpose and Authority

As part of the values adopted by the Department of State Treasurer (“DST”), this agency has committed itself to maintaining the highest ethical standards. This commitment to integrity is important to DST’s mission of prudently investing in entrusted assets. DST’s internal controls and operating procedures are intended to detect, prevent or deter improper activities. However, even the best systems of control cannot provide absolute safeguards against irregularities.

State policy, as embodied in statutory law, encourages employees to report verbally or in writing to their supervisor, department head, or other appropriate authority, evidence of activity by a state agency or employee constituting improper governmental activities. Such improper activities are defined as: (1) violation of state or federal law, rule, or regulation; (2) fraud; (3) misappropriation of state resources; (4) substantial and specific danger to the public health and safety; or (5) gross mismanagement, a gross waste of monies, or gross abuse of authority. N.C.G.S. § 126-84(a). Furthermore, state policy states that employees “shall be free of intimidation or harassment when reporting to public bodies about matters of public concern, including offering testimony to or testifying before appropriate legislative panels.” N.C.G.S. § 126-84(b). In certain circumstances, employees also are protected from discrimination and retaliation. N.C.G.S. § 126-85.

As set out in Article 14 of Chapter 126 of the North Carolina General Statutes (entitled “Protection for Reporting Improper Government Activities”), this policy governs the investigation and reporting of allegations of suspected improper governmental activities in DST.

## Coverage

This policy applies to all employees in DST. It is the responsibility of all employees to comply with this policy and to report alleged improper governmental activities in accordance with this policy.

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## Reporting Allegations of Suspected Improper Governmental Activities

### A. *Filing a Report*

1. Any employee may report allegations of suspected improper governmental activities. Allegations of suspected improper governmental activities may be reported anonymously.
2. Reports of allegations of suspected improper governmental activities are encouraged to be made in writing so as to assure a clear understanding of the issues raised, but reports may also be oral. These reports may be made either through an established phone line and/or DST's intranet site if such resources and costs are available. Such reports should be factual rather than speculative or conclusory, and contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of a preliminary investigation.
3. Normally, a report by the employee of alleged improper governmental activities should be made to the reporting employee's immediate supervisor or other appropriate administrator or division director. However, when there is a potential conflict of interest or for other reasons, such reports may be made to the Internal Auditor. When the alleged improper governmental activities involve a division director, such reports should be made to both the Chief of Staff and the General Counsel. If the alleged activities involve the Senior Executive Management, such reports should be made to the State Auditor's Office. These paths of reporting are merely suggestions. The person making a report should determine the best path for reporting.
4. All reports of allegations of improper governmental activity should be reported to the Internal Auditor. The Internal Auditor is responsible for tracking reports and ensuring timely follow-up.
5. Any report of allegations of improper governmental activities should be based on the employee acting in good faith to report concerns that the employee believes to be true. DST may take action against any employee who makes unfounded allegations that are proven to be made recklessly, maliciously, or with the foreknowledge that the allegations were false.

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## ***B. Investigation of Alleged Improper Governmental Activities***

1. Upon receipt of a report of alleged improper governmental activities, the Internal Auditor or other recipient of the report shall make a determination, in his or her reasonable judgment, whether a reasonable basis exists for commencing an investigation into the complaint. To assist in making this determination, the Internal Auditor or other recipient may conduct an initial, informal inquiry. Other parties may become involved in the inquiry based on their oversight, responsibility or expertise.
2. Investigation of reports of alleged improper governmental activities should be prompt. The Internal Auditor or other recipient of a report of improper governmental activities shall forward a written report of investigation to the Chief of Staff and General Counsel as soon as practicable and no later than ten (10) working days after receiving the report.
3. To the extent permitted by applicable law, all reports of alleged improper governmental activities should be handled in a confidential manner.

## ***C. Corrective Action***

The Chief of Staff and General Counsel, with input from the Internal Auditor and division director, if requested, will determine the ultimate validity of a report and any corrective action, as appropriate. Employees whom are found to have violated any laws, regulations, or policies will face appropriate, case-specific disciplinary action.

## ***D. Protection from Intimidation, Harassment, Discrimination and Retaliation***

Consistent with the protections provided in N.C.G.S. §§ 126-84-85, employees shall be free of intimidation, harassment, discrimination and retaliation for compliance with this policy.