



Reclamation District No. 1000

Fraud Policy

Background

It is the policy of the Board of Trustees to facilitate the development of controls which will aid in the detection and prevention of fraud, impropriety or irregularity within the district. It is the intent of the Board to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Scope of Policy

This policy applies to any actual or suspected fraud, impropriety or irregularity involving employees as well as Board members, consultants, vendors, contractors, employees with outside agencies and/or any other parties with a business relationship with the district.

The District Engineer (DE) and/or Board President (BP), in conjunction with the budget and finance/audit committee oversight, without regard to the suspected wrongdoer's length of service, position/title, or relationship with the organization, shall evaluate suspected fraud and initiate any necessary investigative activity.

Policy

Management personnel shall be responsible for detection and prevention of fraud, improprieties and other irregularities involving the organization. Each member of the management team shall be familiar with the types of improprieties that might occur within his/her area of responsibility, and be alert for any indication of fraud, abuse or illegal act.

Any fraud that is detected or suspected must be reported immediately to an immediate supervisor, when possible, and/or the Board President. The Board President will coordinate all investigations with Legal Counsel and other affected departments and agencies both internal and external.

Fraud, Improprieties and Irregularities

The terms fraud, abuse and illegal acts refer to, but are not limited to:

1. Any dishonest or fraudulent act.
2. Forgery or alteration of any document or account belonging to the organization.
3. Forgery or alteration of a check, bank draft, or any other financial document.
4. Misappropriation of funds, securities, supplies, or other assets including chemicals, fuel, tires, use of district equipment and inappropriate personal use of computers, and telephones.
5. Impropriety in the handling or reporting of money or financial transactions.
6. Profiteering as a result of insider knowledge of district activities.
7. Disclosing confidential and/or proprietary information to outside parties.
8. Disclosing to other persons securities activities engaged in or contemplated by the organization.
9. Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the organization.
10. Inappropriate disclosure or use of private information protected by the privacy information act.
11. Destruction, removal or inappropriate use of records, furniture, fixtures, vehicles, and equipment; and/or
12. Any similar or related irregularity to those specified above.

If there is any question as to whether an action constitutes fraud, contact the Board President for guidance.

Investigative Responsibilities

The DE has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, a report will be issued to appropriate management personnel, and, if appropriate, to the Board.

A decision to file a criminal complaint or refer a matter to the appropriate law enforcement and/or regulatory agency for independent investigation, as well as the final decision concerning the disposition of the matter, will be made in conjunction with the DE and/or BP, Legal Counsel and the Personnel Committee.

Confidentiality

The DE shall maintain the confidentiality of all information received. Any employee who suspects dishonest or fraudulent activity should immediately notify their immediate supervisor, when possible, and/or the DE, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected dishonest/fraudulent act (see Reporting Procedures).

The results of any investigation shall not be disclosed or discussed with anyone other than those individuals who have a legitimate need to know. This is important in order to both avoid damaging the reputations of persons suspected of misconduct but subsequently found innocent of any wrongdoing, and to protect the organization from potential civil liability.

Authorization for Investigating Suspected Fraud

Where there exists reasonable cause, and to the extent permitted by law, the DE or Board representative is authorized upon the initiation of an investigation, and after consulting with legal counsel, to have free and unrestricted access to all organization records and premises, whether owned or rented.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is in progress.

An employee who discovers or suspects fraudulent activity should immediately contact their immediate supervisor, when possible, and/or the DE. If considered necessary due to the nature of the issue, the Board President and/or Vice-President should be contacted directly. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the organization's Legal Counsel. No information concerning the status of an investigation will be given to anyone without a legitimate need to know. The proper response to any inquiries should be "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to the allegation, the crime, the fraud, the forgery, the misappropriation, or any other specific reference. The reporting individual should be advised of the following:

1. Do not contact the suspected individual to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the organization's Legal Counsel or the DE.