

STAFF REPORT



Meeting Date: May 19, 2021
To: Board of Directors
From: Michael J. Aho, District Administrator
Subject: Approval of Policy Updates: Travel Policy, Graffiti Removal Policy, Asset Protection and Fraud in the Workplace Policy
Prepared By: Jennifer Larkin, Administrative Services Manager

I. Recommendation

Approve the following Policies as recommended by the Policy Review Committee of the Board: Travel Policy, Graffiti Removal Policy and Asset and Fraud in the Workplace Policy.

II. Background

The Fair Oaks Recreation and Park District (District) follows a Board approved set of policies and procedures which form the basis for the operation of the District. Regularly reviewing policies and procedures is necessary to keep up to date with regulations, technology, and best practices. Policy review also ensures that policies are consistent and effective. Staff is currently working on a process to schedule regular reviews of all policies to ensure consistency from year to year.

Staff met with the Policy Review Committee on Monday, May 10 to review five policies: Social Media, Phone Stipend/Bring Your Own Device, Travel, Graffiti Removal and Asset Protection and Fraud in the Workplace. The Committee requested that the Social Media Policy and the Phone Stipend/Bring Your Own Device receive additional review by staff and legal counsel before being brought back to the Committee for recommendation to the full Board. The other three were reviewed and the attached draft policies include suggested changes by the Committee.

III. Problem /Situation/ Request

Approve the updates recommended by the Policy Review Committee to the Travel Policy, Graffiti Removal Policy and Asset and Fraud in the Workplace Policy.

IV. Financial Analysis

There is no financial impact to the District.

Respectfully Submitted,

Michael J. Aho
District Administrator

Attachment A: Draft Travel Policy

Attachment B: Draft Graffiti Removal Policy

Attachment C: Draft Asset Protection and Fraud in the Workplace Policy



TRAVEL POLICY

PURPOSE

To provide clear policies and procedures that are compliant with state and federal regulations, promote safe travel, and allow for reasonable and manageable travel expenses while maintaining the necessary controls and accountability.

DEFINITIONS

Travel - Defined in accordance with IRS requirements (IRS Publication 15B):

- An employee's duties require the employee to be away from the general area of the employee's tax home, and,
- The employee needs to sleep or rest to meet the demands of the employee's work.

Trip - A trip is of one day duration within or outside Sacramento County involving no overnight accommodations. A trip shall be authorized by the Department Head or his or her designee.

Accounting for Expenses - Adequate accounting of expenses is performed by providing evidence of expenses, such as detailed receipts of meals, a map printout of distance traveled, agendas, etc.

Reasonable Period of Time - 30 days. Or 15 days if the employee's reimbursement would fall within a prior fiscal year.

TRAVEL POLICY

I. General Statement

- a. The District reimburses trip and travel related expenses under an accountable plan. The Internal Revenue Service (IRS) allows nontaxable reimbursement of actual expenses when an employee incurs costs, which would otherwise be a deductible business expense and the following requirements are met (IRS Publication 535):
 - i. The expense has a (District) business connection, and
 - ii. The employee adequately accounts for the expenses within a reasonable period, and
 - iii. The employee returns any excess advance reimbursement or allowance within a reasonable time.
- b. Federal Per Diem limits will apply to ALL trips and travel, for ALL Departments, and for ALL employees, unless otherwise defined herein.
- c. In accordance with California Government Code section 53232.2, Board of Directors' reimbursement for District trip and travel related expenses shall be as set forth in this policy. Wherever this policy refers to "employees" such reference shall also be deemed to include the District's Board of Directors.

II. Travel

- a. Travel should be approved based only on one or more of the following guidelines:
 - i. Conferences or conventions at which attendance by an employee is required by law or regulation.
 - ii. Professional association(s) events.
 - iii. Conferences or conventions as approved in the annual budget and by the District Administrator.

- iv. Meetings or conferences required in the implementation or administration of new or ongoing programs may be approved, as necessary.
- v. Training or in-service sessions requiring more than a day trip.
- b. Travel requests requiring approval of the District Administrator, and all per diem advances, will be submitted five (5) weeks before travel is to occur. An agenda or other information indicating the value of travel shall accompany the travel request.
 - i. Out of Region Travel. Requests made for out of region travel must include an analysis of the availability for comparable non-out-of-region travel. Such an analysis shall consider: attendance as a key representative of the District; representative of the conference association; attending as a presenter/speaker; professional association certification upkeep, when such upkeep cannot be performed in the region; training which is unavailable within the region on a regular/recurring basis or which cannot be conducted remotely (e.g., webinar; remote conference attendance; on-demand).

III. Mode of Transportation

- a. For all trips and travel, the most economically feasible mode of transportation shall be taken. Should an alternative mode of transportation be taken, any District reimbursement shall be limited to the value of the most economical mode of travel. When unclear, such determination shall be made by the District Administrator or his/her designee.
- b. When available, District-owned automobiles should be used for trips and travel, but the use of personal vehicles may also be authorized when appropriate; provided, that a Department Head or his or her designee may authorize a different mode of transportation if determined in his or her discretion to be necessary or appropriate.
- c. Mileage Reimbursement is available for personal vehicle use on a business-related trip or travel. Except for employees that receive an auto allowance, an employee who utilizes his or her personal vehicle for District business shall be reimbursed at the mileage rate as determined by IRS Regulations for the distance traveled from the employee's primary District office location to and from the destination, or the employee's home to and from the destination, whichever is shorter. A MapQuest, Google Map, or other online mapping program printout is required to be provided with the related expense report to verify the distance traveled. Employees with an auto allowance that travel for District business may seek mileage reimbursement and/or alternative modes of transportation when that two-way travel distance will be greater than 100 miles.
- d. Damages to an employee's personal vehicle shall be covered by the employee's insurance. If the employee has a deductible type of policy, the employee shall assume this liability while used on District business, just as the employee would while driving on personal business.
- e. Other forms of transportation such as trains, buses and airplanes may be used as long as they are approved by the Department Head or his or her designee and supported by ticket stubs and/or receipts. Reimbursement for airplane fares shall be no greater than the coach rate and the taxes/fees associated thereof.

IV. Lodging

- a. In all travel, employees on District-approved travel are expected to secure overnight accommodations and meals as economically as possible, within the standard appropriate for business travel. The need for lodging is at the discretion of the Board of Directors, District Administrator or Department Head, as applicable for the person(s) travelling.
- b. Allowance for lodging is actual cost, when cost is reasonable for the location, and is consistent with government and/or conference rates and must be supported by a receipt and travel request. Where no conference rate is available, U.S. General Services Administration (GSA) per diem for lodging will apply where such cost is reasonable for the location (see: <https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup>). In no case will expenditure or reimbursement be made where the cost exceeds two times the per diem as set

by the GSA, unless approved by the District Administrator or his/her designee. Lodging more than the aforementioned parameters will be the responsibility of the employee.

- c. Single rates prevail except when the room is occupied by more than one employee. Single rates, if different than double rates, must be shown in some manner on the lodging receipt. Conference rates will be accepted with proper documentation. An employee or person in the service of the District who is accompanied by a family member, friend, or guest of any type is responsible for the difference between the single room rate and a double room rate, or any other variation of accommodations.
- d. Hotel/Motel Transient Occupancy Tax Waiver Exemption Certificates should be used by all departments during the hotel/motel registration process. The District is a governmental agency and, as such, may qualify for and receive this Transient Occupancy Tax Exemption if the hotel/motel will accept it. Departments are responsible for filing this form for each room at each hotel. In most instances, a hotel/motel will have a separate government or conference rate that should be utilized. If unable to obtain those rates, the Department Head must approve other rates.

V. Per Diem of Actual Cost

- a. For trips, actual cost or the maximum allowable set by the GSA meals and incidental expenses breakdown, whichever is lesser, shall be used.
- b. For travel, Federal (GSA) Per Diem for all days traveled, or day of travel (75%), allowance is reimbursable on a total day meal expenditure, not on a per meal basis, up to the maximum allowable or the amount spent, whichever is lesser shall be used.

VI. Meals

a. Meals Generally

- i. Meals in conjunction with trips will be reimbursed in accordance with IRS regulations (IRS Publication 535). The IRS allows for meal reimbursement during travel-qualified occurrences, and for trips if:
 - 1. There is a clear business purpose, and the main purpose of the meeting was to conduct business, or
 - 2. The meal is associated with the active conduct of your business, and
 - 3. The meal took place before or after a substantial business discussion.
 - 4. Supporting documentation must include a detailed receipt for meal, attendees, and a brief description of the purpose of the meeting. To be reimbursed, the employee must submit an itemized receipt and provide a detailed description to his or her supervisor, which will be approved by the Finance Department.
 - 5. Note: These meals are allowed as an entertainment business expense. This means meals where only the employee is present would not meet business expense exemptions and are therefore not reimbursable under this policy.
- ii. Meals for all employees during emergency situations will be approved as justified by the Department Head or his or her designee. Meals will be reimbursed when a detailed receipt is provided.
- iii. Meals may be reimbursed during a trip when Board Directors or employees are required to attend a breakfast, lunch, or dinner meeting within the District and for the benefit of the District. District facilities should be used for meetings whenever possible and during regular working hours in lieu of meetings where meals are served. It is recognized that some after-hours meetings are necessary where schedules conflict, and that some meetings are of a sensitive nature and material that are best suited to occur away from District facilities.

- iv. All expenditures and reimbursements for meals described above will adhere to the limits established within the GSA Meals & Incidentals Breakdown (found at GSA.gov). When multiple employees of the District are together for a qualified meal, the employee with the highest organizational chart status will be responsible for conducting the transaction with their CalCard.

b. District-Hosted Affairs

- i. Whenever District Administrators/Administration or any of its Board of Directors or Department Head(s) or his or her designees acts as a host for a convention, continuing education, conference, or meeting that will be of benefit to the District, the expenses of the luncheon or dinner held in conjunction therewith, including meals of duly authorized delegates or representatives thereto, may be paid upon presentation of claims therefor. Detailed receipts are necessary for the meal along with written information about the meetings purpose and a list of attendees. In all cases, a sign-in sheet or list of attendees shall be provided.

c. Special Committees

- i. Special and ad hoc committees created and appointed by the Board of Directors may be reimbursed for actual expenses when permitted by law.

d. Governance and Administration of District Meetings

- i. Special meetings related to the overall governance and administration of the District are conducted by the governing body and/or the District Administrator. Such meetings may, from time to time, and at regular intervals, occur outside of formal conferences, conventions, or training. Such special governance and administration meetings will qualify for expenses and/or reimbursement, as applicable with California Government Code section 53232.1 (b):

VII. Governing Body Members

- a. Notwithstanding any other provision of this policy to the contrary, a member of a governing body as defined in California Government Code section 53232, subdivision (a), shall submit reports and shall provide detailed receipts that document each claimed expense, and each such member shall otherwise comply with every applicable provision of Article 2.3 of Chapter 2 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53232 thereof) regarding claiming reimbursement for, or requesting advance payments for, actual and necessary expenses incurred in the performance of the official's duties.

VIII. Unallowable Reimbursement

- a. An employee may not claim a reimbursement for any meal which is provided as part of the registration or conference expense. Exceptions to this may be approved by the Department Head or his or her designee but should be infrequent and must be supported in writing by the Department Head or his or her designee justifying the reason the provided meal was not utilized. Departments who frequently use this exception may be required to obtain District Administrator approval. Continental breakfasts provided at hotels or motels as a part of the cost of attendance are not considered a meal, and an employee may receive reimbursement for the cost of a breakfast meal notwithstanding the availability of the complimentary breakfast. No reimbursement will be made for alcoholic beverages.

IX. Miscellaneous Trip Expense

- a. The following items may also be claimed for reimbursement, if incurred in the performance of District business and if supported by ticket stubs and/or receipts:
 - i. Registration/conference/continuing education fees and dues
 - ii. Hotel parking
 - iii. Ferry

- iv. Ground Transportation
- v. Internet – Only District business
- vi. Airport parking
- vii. Business telephone calls when no other District phone or free-of-charge method is available
- viii. Checked Baggage Fees

X. Trip and Travel Budget Limitations

- a. Trip and travel expenses are charged to the Department/Budget Unit “Mileage & Travel” budget, except as follows:
 - i. The expense is directly related to training, then the charges will be applied to the “Training” budget or,
- b. Departments may not exceed their trip or travel authorization in any fiscal year. If an unanticipated trip or travel requirement will result in an over expenditure in this line item, the trip or travel must be approved by the District Administrator or his/her designee in advance and an appropriation adjustment processed.

XI. Reimbursement

- a. To be reimbursed for any of the above-mentioned allowable expenses, the employee must submit an itemized receipt and provide a detailed description to his or her supervisor, which will be approved by the Finance Department.
- b. Statement on the claim form shall include the purpose of travel; dates of travel; itinerary/agenda; all applicable receipts.

XII. Advances

- a. Advances will be permitted as follows:
 - i. Advances will not be given to the employee more than five (5) working days prior to the travel.
 - ii. If travel is cancelled, any advanced Per Diem will be returned to the Administration and Finance Department within three (3) working days of such cancellation.
 - iii. All advances, except for the meals and incidentals per diem, must be reconciled within two (2) weeks of the return of the traveler.

XIII. Non-accountable Stipend

- a. Any meal reimbursement not meeting the criteria outlined above will be reimbursed through payroll as a taxable meal stipend. These meals will be reimbursed at the Federal Per Diem meal rates, as defined by the GSA, and will be taxed accordingly as required by the IRS and the State of California. All taxable meal stipends are paid through payroll, after expenses have been incurred.

Approved By:

District Accountant

Date

Administrative Services Manager

Date

District Administrator

Date

Jennifer Larkin, District Clerk

Filing Date

GRAFFITI REMOVAL POLICY

PURPOSE

It is the intent of the Fair Oaks Recreation & Park District to provide clean and safe grounds and facilities for all park patrons. To that end, Fair Oaks Recreation & Park District is initiating the following policy in regards to graffiti removal throughout its properties.

DEFINITIONS

Blocking Out — The act of painting a square section over and around graffiti rather than painting along the outline of the graffiti which staff is attempting to cover up. Whenever possible, blocking out should occur across the entire plane on which the graffiti is present (e.g. one wall of a building rather than a small section of the wall).

Graffiti — Any writing, painting, chalking, stickers/signage and any and all other modifications to any District property including, but not limited to, sidewalks, playground equipment or surfacing, building exteriors/interiors, stairways, walls, trees and fences unless approved and/or installed by a District representative.

Sensitive Location — Locations which are frequented primarily by children ages 12 and under such as the Fair Oaks Preschool, Playgrounds, and youth Bike Park.

GRAFFITI REMOVAL POLICY

- I. When found by staff or reported to staff by a member of the public, graffiti within the District will be removed within 48 hours unless,
 - a. The graffiti is at a sensitive location.
 - b. The graffiti is deemed by staff to be objectively offensive, or
 - c. The graffiti is causing a hazard to the public.
- II. In the above subsections I.a., I.b., and I.c., graffiti will be removed within one working day of being located by or reported to District staff.
- III. Procedure:
 - a. On washable, non-metal surfaces (e.g. playground equipment), graffiti will be removed using a hose and brush and, if necessary, additional solvents or cleaning solutions.
 - i. Repainting of the cleaned surface will occur on an as-needed basis.
 - ii. On cement surfaces, the use of a pressure washer or soda blaster is approved.
 - b. On metal surfaces, appropriate metal cleaning solutions will be used with a rag or brush to remove the graffiti.
 - i. Repainting of the cleaned surface will occur on an as-needed basis.
 - c. On painted wood or easily damaged surfaces, the graffiti will be “blocked out” so that when the re-painting is completed the specific outline of any graffiti will not remain visible.
 - i. Whenever feasible, an entire plane will be re-painted (e.g. one whole side of a skate ramp) rather than a painting along the outlines of the graffiti being covered up.
 - d. On playground surfacing or other such delicate surfaces, manufacturer recommended cleaning practices will be followed as appropriate for the surface type.

- e. Stickers will be removed and “Goo Gone,” or comparable product, will be used to remove remnants of glue.
 - i. Any chemicals applied to public-facing surfaces will be washed immediately afterwards as per manufacturer recommendations.
- f. Signage will be removed, cut down, or otherwise disposed of from placement on public property.

Approved By:

Parks and Facilities Superintendent

Date

District Administrator

Date

Jennifer Larkin, District Clerk

Filing Date

Policy E-5: Asset Protection and Fraud in the Workplace

PURPOSE

To establish policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

The Fair Oaks Recreation and Park District (District) is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the District to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the District and, when appropriate, to pursue available legal remedies.

DEFINITIONS

Fraud – Fraud and other similar irregularities include, but are not limited to:

- a. Claim for reimbursement of expenses that are not job-related or authorized by District policy;
- b. Forgery, falsification, or unauthorized alteration of documents or records (including but not limited to checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.);
- c. Misappropriation of District assets (including but not limited to funds, securities, supplies, furniture, equipment, etc.);
- d. Inappropriate use of District resources (including but not limited to labor, time, and materials);
- e. Improprieties in the handling or reporting of money or financial transactions;
- f. Authorizing or receiving payment for goods not received or services not performed;
- g. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned software;
- h. Misrepresentation of information;
- i. Theft of equipment or goods;
- j. Misuse of District issued credit cards;
- k. Any apparent violation of federal, state, or local laws related to dishonest activities or fraud;
- l. Seeking or accepting anything of material value from those doing business with the District including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the District's Conflict of Interest Code which incorporates the Fair Political Practices Commission's regulations;
- m. Any other conduct, actions or activities treated as fraud or misappropriation under any federal or state law, rule or regulation.

Employee – In this context, employee refers to any individual or group of individuals who receive compensation, either full- or part-time, including members of the Board of Directors, from the District. The term also includes any volunteer who provides services to the District through an authorized arrangement with the District or a District organization.

Management – In this context, management refers to any manager, supervisor, or other designated individual who manages or supervises District's resources or assets.

Internal Audit Committee – In this context, if the claim of fraud involves anyone other than the District’s District Administrator, the Internal Audit Committee shall consist of the District Administrator, the District’s Legal Counsel and any other persons appointed to the Internal Audit Committee by the District Administrator. If the claim of fraud involves the District’s District Administrator, the Internal Audit Committee shall consist of the Chair of the Board of Directors of the District, the District’s Legal Counsel and those persons appointed to the Internal Audit Committee by the Chair of the Board. Nothing contained in this policy shall be construed as requiring the District Administrator or the Chair of the Board to appoint other persons to the Internal Audit Committee. Individuals appointed to the Internal Audit Committee by the District Administrator or the Chair of the Board other than the District’s Legal Counsel shall serve at the pleasure of the District Administrator or the Chair of the Board.

External Auditor – In this context, External Auditor refers to independent audit professionals who perform annual audits of the District’s financial statements and are appointed by the District’s Board of Directors.

PROCEDURES

- I. It is the District’s intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity.
 - a. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the District of any party who might be or become involved in or becomes the subject of such investigation.
 - b. An employee being investigated for fraud may request representation by a representative of any recognized bargaining unit that represents the employee.
- II. Each department of the District is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance of the prevention and detection of fraud, misappropriations, and other irregularities. Management staff should be familiar with the types of improprieties that might occur within their areas of responsibility and be alert for any indications of such conduct.
- III. For claims of fraud not involving the District Administrator, the District Administrator or an Internal Audit Committee appointed by the District Administrator shall have primary responsibility for investigation of activity covered by this policy.
- IV. For claims of fraud involving the District Administrator, the Chair of the Board or an Internal Audit Committee appointed by the Chair shall have primary responsibility for investigation of activity covered by this policy. The District’s General Counsel shall advise the Committee and/or the Board Chair on all such investigations.
- V. Throughout the investigation, the Internal Audit Committee will inform the District Administrator and/or the Board Chair of pertinent investigative findings.
- VI. An employee will be granted whistle-blower protection when acting in accordance with this policy so long as he or she has not engaged in activity that violates this policy. When informed of a suspected impropriety, neither the District nor any person acting on its behalf shall:
 - a. Dismiss or threaten to dismiss an employee providing the information,
 - b. Discipline, suspend, or threaten to discipline or suspend such an employee,
 - c. Impose any penalty upon such an employee, or
 - d. Intimidate or coerce such an employee.

Violations of this whistle-blower protection policy will result in discipline up to and including termination.

- VII. Upon conclusion of the investigation, the results will be reported to the District Administrator or, if the investigation involves the District Administrator, the Board Chair, who shall advise the Board of Directors.
- VIII. Following review of investigation results, the District Administrator or the Board Chair, as the case may be, will take appropriate action regarding employee misconduct. Disciplinary action can include termination, referral of the case for criminal prosecution, or both.
- IX. The District Administrator or the General Counsel will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of District losses from the offender, other responsible parties, insurers, or other appropriate sources.

RESPONSIBLE PARTIES

I. Board of Directors Responsibilities

- a. If a Board Member has reason to suspect a fraud has occurred, he or she shall immediately contact the District Administrator or the Board Chair, if the activity involves the District Administrator, and the District's Legal Counsel if deemed appropriate.
- b. The Board Member shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the District Administrator or Board Chair, as the case may be, and the District's Legal Counsel.
- c. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the District Administrator or the Board Chair after consultation with the District's Legal Counsel and any Internal Audit Committee appointed as to the matter.

II. Management Responsibilities

- a. Management staff are responsible for being alert to, and reporting fraudulent or related dishonest activities in their areas of responsibility.
- b. Each manager should be familiar with the types of improprieties that might occur in his or her area of responsibility and be alert for any indication that improper activity, misappropriation, or dishonest activity did occur or is occurring.
- c. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
- d. If a manager determines a suspected activity may involve fraud or related dishonest activity, he or she should contact his or her immediate supervisor or the District's District Administrator. If the activity involves the District Administrator, it shall be reported to the Board Chair who may inform the District's Legal Counsel.
- e. Managers should not attempt to conduct individual investigations, interviews, or interrogations other than as directed by the District Administrator or General Counsel. However, management staff are responsible for taking appropriate corrective actions to implement adequate controls to prevent recurrence of improper actions.
- f. Management staff should support the District's responsibilities and cooperate fully with the Internal Audit Committee, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
- g. Management staff must give full and unrestricted access to all necessary records and Personnel to those responsible for identifying, investigating and remedying fraud and related dishonest acts. All District assets, including furniture, desks, and computers, are open to inspection at any time. No District officer, agent or employee has a reasonable expectation of privacy in District property and other resources to preclude such inspection.
- h. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management staff should avoid the following:

- i. Incorrect accusations;
 - ii. Alerting suspected individuals that an investigation is underway;
 - iii. Treating employees unfairly; and
 - iv. Making statements that could lead to claims of false accusations or other offenses.
- i. In handling dishonest or fraudulent activities, managers have the responsibility to:
 - i. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc;
 - ii. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the District, unless specifically directed to do so by the District Administrator; and
 - iii. Avoid discussing the case with anyone inside the District other than employees who have a need to know such as the District Administrator, Internal Audit Committee, the District’s Legal Counsel or law enforcement personnel.
 - iv. Direct all inquiries from the suspected individual, or his or her representative, to the District Administrator, the Board Chair, or the District’s Legal Counsel. All inquiries by an attorney of the suspected individual should be directed to the District Administrator or the District’s Legal Counsel. All inquiries from the media should be directed to the District Administrator or the Board Chair, if the activity involves the District Administrator.
 - v. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the [position or department] and Legal Counsel, in conformance with District policy and applicable law.

III. Employee Responsibilities

- a. A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee’s supervisor for reporting to the proper management official.
- b. When an employee believes his or her supervisor may be involved in inappropriate activity, the employee shall make the report to the next higher level of management and/or the District Administrator. If the activity involves the District Administrator, it shall be reported to the Board Chair who may inform the District’s Legal Counsel.
- c. A reporting employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the District Administrator, Internal Audit Committee, the District’s Legal Counsel, or law enforcement personnel.

IV. Internal Audit Committee Responsibilities

- a. Upon assignment by the District Administrator or the Board Chair, an Internal Audit Committee will promptly investigate the fraud.
- b. In all circumstances where there is reason to suspect a criminal fraud has occurred, the Internal Audit Committee, in consultation with the District Administrator or the Board Chair and Legal Counsel, if the District Administrator is suspected of involvement in the fraud, will contact the appropriate law enforcement agency.
- c. The Internal Audit Committee shall be available and receptive to relevant, confidential information to the extent allowed by law after consultation with the District’s Legal Counsel.
- d. If evidence is uncovered showing possible dishonest or fraudulent activities, the Internal Audit Committee will:
 - i. Discuss the findings with management and the District Administrator;

- ii. Advise management, if the case involves District staff members, to meet with the District Administrator (or his/her designated representative) to determine if disciplinary action should be taken;
- iii. Report to the External Auditor such activities to assess the effect of the illegal activity on the District's financial statements;
- iv. Coordinate with the District's risk manager regarding notification to insurers and filing of insurance claims;
- v. Take immediate action, after consultation with the Legal Counsel, to prevent the theft, alteration, or destruction of evidence. Such action shall include, but is not limited to:
 - 1. Removing relevant records and placing them in a secure location, or limiting access to those records;
 - 2. Preventing the individual suspected of committing the fraud from having access to the records.
- e. In consultation with the District Legal Counsel and the local law enforcement agency, the Internal Audit Committee may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
- f. If the Internal Audit Committee is contacted by the media regarding an alleged fraud or audit investigation, the Internal Audit Committee will refer the media to the District Administrator or Board Chair, if the activity involves the District Administrator.
- g. At the conclusion of the investigation, the Internal Audit Committee will document the results in a confidential memorandum report to the District Administrator or the Board Chair for action. If the report concludes that the allegations are founded and the District's Legal Counsel has determined that a crime has occurred, the report will be forwarded to the appropriate law enforcement agency.
 - i. The Internal Audit Committee shall make recommendations to the appropriate department as to the prevention of future similar occurrences.
 - ii. Upon completion of the investigation, including all legal and personnel actions; all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Audit Committee to that department.

V. Exceptions

There will be no exceptions to this policy unless provided and approved in writing by the District Administrator or the Board Chair and the District Legal Counsel. The Board of Directors reserves the right to amend, delete, or revise this policy at any time by formal action of the Board of Directors.