

SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

POLICIES & PROCEDURES MANUAL

POLICY 21.110 - FRAUD PREVENTION, REPORTING, AND INVESTIGATION

Date: April 24, 2018
Revision No: New
Supersedes: New
First Adopted: April 24, 2018

POLICY:

The San Bernardino Municipal Water Department (Department) is committed to protecting its revenue, property, and other assets. The Department will not tolerate any misuse or misappropriation of City assets. The Department is committed to the highest possible standards of transparency, honesty, and accountability in all of its affairs. The purpose of the Fraud Prevention, Reporting, and Investigation Policy is to provide communication and guidance to employees when fraud, waste, or abuse of Department assets is suspected.

Under California law (Government Code Section 53087.6(f)(2), the term "fraud, waste, or abuse" means any activity by a local agency or employee that is undertaken in the performance of the employee's official duties or activities deemed to be outside the scope of his or her employment that:

"Is in violation of any local, state, or federal law or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercions, conversion, malicious prosecution, misuse of government property, willful omission to perform duty, economically wasteful conduct, and conduct involving gross misconduct."

The Department's policy applies to any fraud, waste, or abuse, or suspected fraud, waste, or abuse, involving Department officials, employees, vendors, consultants, contractors, outside agencies and/or any other parties who have a business relationship with the Department.

By way of illustration, examples of fraud include but are not limited to:

- Misappropriation of funds, supplies, or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Obtaining Department funds or compensation through dishonesty;
- Stealing or removing Department assets;
- Using Department equipment, facilities, supplies, or funds for

unauthorized purposes;

- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials or acting in any matter that creates a conflict of interest.

In addition to fraud and suspected fraud, this policy also applies to any employee breach of Department Policies and Procedures which creates a significant waste of Department resources. For the purposes of this policy, waste is defined as any needless, careless, extravagant, or unnecessary expenditure of Department resources and property that has a significant financial impact on the Department. By way of illustration, examples of waste include but are not limited to:

- Making unnecessary expenditures using Department funds to purchase supplies or equipment which violate the Department's policies.
- Creating unnecessary overtime.
- Making business related travel arrangements that violate the Department's policies.
- Misuse of Department equipment that results in damage.

For purposes of this policy, abuse is defined as the intentional destruction, manipulation, misapplication, or misuse of Department resources. By way of illustration, examples of abuse include but are not limited to:

- Requesting staff to perform personal errands or other work for personal benefit;
- Using one's position in the Department to gain advantage when conducting personal business with other staff in the Department;
- Receiving favors for awarding contracts to certain vendors;
- Failure to report damage to Department or property within policy guidelines;

Employees who are unsure as to whether particular conduct constitutes fraud, waste, or abuse are advised to contact their Division Director, Water Human Resources, or City Human Resources for clarification.

PROCEDURE:

Employees (including supervisors or managers) are required to immediately report suspected fraud or waste to any of the

following:

- Their supervisors and/or Division Director
- Water Human Resources
- The General Manager
- City Human Resources
- City Attorney's office
- The Confidential Fraud Prevention Hotline

Employees are not required to follow "the chain of command" when reporting potential fraud, waste, or abuse and should report concerns to any of the above mentioned to ensure proper review and investigation occur.

Supervisors, Managers, and Directors ("Managers") in each division shall advocate and develop a culture of honesty and integrity, assess the risk of fraud arising in the normal business operations of each division, and establish controls and procedures designed to eliminate the likelihood of fraud. Supervisors and managers should review this policy with employees at the time of hiring, and at least annually thereafter to demonstrate proactive measures to identify and measure fraud. The Water Department Human Resources section will distribute the policy to all employees annually.

FRAUD PREVENTION HOTLINE:

To anonymously report suspected fraud, abuse, or waste call 1-800-461-9330 or access the reporting application at www.convercent.com/report. The call or report will connect to an independent third-party helpline and case manager that will assist you in reporting the issue.

INVESTIGATION OF REPORTS ON THE FRAUD PREVENTION HOTLINE:

Water Department Human Resources will have the primary responsibility for investigating suspected fraud, waste, or abuse as defined in this policy. The section will determine who best to investigate the claim based on the factors such as the nature of the allegations and the division(s) or position(s) involved. Any required investigative activity shall be conducted without regard to the suspected wrongdoers' length of service, position/title, relationship to the City, or any other perceived mitigating circumstance. Reports of fraud, waste, or abuse determined to not meet aforementioned criteria are not required to be investigated under this policy. Allegations of fraud, waste, or abuse involving

any members of the investigative team will be coordinated by the General Manager's office working in conjunction with Water Department Human Resources.

Great care must be taken in the investigation of suspected improprieties or wrong doings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway. Decisions to refer a report to the City's Police Department or the District Attorney will be made by the City Attorney.

The identity of the person providing information that results in an investigation shall not be disclosed without the written permission of that person, unless the disclosure is to a law enforcement agency that is conducting a criminal investigation. If the specific information is in regard to improper government activity that occurred under the jurisdiction of another city, county, or city and county, the information shall be forwarded to the appropriate auditor or controller for that city, county, or city and county.

Any investigation conducted pursuant to this policy shall be kept confidential to the extent permitted under law. In any event, the identity of the individual or individuals reporting the improper government activity, and the subject employee or employees shall be kept confidential to the full extent permitted under law.

Pending investigations and investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know.

"WHISTLEBLOWER" PROTECTION

The Department will not retaliate, nor will it tolerate retaliation against those who in good faith report suspected ethics violations. An act of retaliation should be reported immediately to Water Human Resources or City Human Resources for investigation as a potential ethics violation.

Policy Review

Board Approved:	<u>5/8/2018</u>
No changes:	<u>7/2019</u>
No changes:	<u>7/2020</u>
No changes:	<u>7/2021</u>

CITY OF SAN BERNARDINO WATER DEPARTMENT

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I have read, understand, and received a copy of the Water Department's Fraud Prevention, Reporting, and Investigation Policy.

Date

Employees Name (Print)

Signature