

POLICY TITLE: FRAUD
POLICY NUMBER: 6200

COMMITTEE APPROVAL DATE: 11/13/2018 **WRITTEN/REVISED BY:** M.SUUA
BOARD APPROVAL DATE: 11/28/2018 **SUPERSEDES:** 03/23/2016

POLICY:

6200 It is the policy of the Beach Cities Health District ("District") to protect its assets against the risk of loss or misuse, to establish controls that will aid in the detection and prevention of fraud against the District, and to maintain Board-level oversight. Recognizing that fraud prevention cannot be guaranteed but controls put in place can vastly reduce the opportunities, best practices are to be sought to best fulfill the District's role of public stewardship.

Guidelines:

6200.1 This policy provides guidelines and definitions for actions deemed fraudulent or dishonest.

6200.2 When appropriate, the District will pursue legal remedies available under the law.

6200.3 This policy applies to any irregularity involving employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the District. Any investigative activity required will be conducted in an objective and impartial manner without regard to the suspected wrongdoer's length of service, position, title, or relationship to the District.

Definitions

6200.4 **Fraud** and other similar irregularities include, but are not limited to:

6200.4.1 Submitting a claim for reimbursement of expenses that are not job- related or authorized under established policies and procedures.

6200.4.2 Forgery or unauthorized alteration of documents (checks, time sheets, leave forms, agreements, purchase orders, budgets, etc.).

6200.4.3 Misappropriation or unauthorized use of District assets (funds, securities, supplies, furniture, equipment, etc.).

6200.4.4 Improprieties in the handling or reporting of any cash transaction.

6200.4.5 Obtaining profit or personal gain as a result of "insider" knowledge of BCHD activities.

6200.4.6 Disclosure of confidential information to outside parties.

6200.4.7 Authorizing or receiving payment for goods not received or services not performed.

6200.4.8 Any activities, including computer-related activities involving the unauthorized copying, alteration, destruction, or manipulation of data, of or within BCHD-owned software or databases.

6200.4.9 Willful misrepresentation of information on documents.

6200.4.10 Seeking or accepting anything of material value for personal gain or benefit from those doing, or wishing to do, business with the District including vendors, consultants, contractors, lessees, applicants, and grantees. (See also Policy 4010 for Conflict of Interest and Policy 3810 for Guidelines on Accepting and Providing Gifts, Entertainment, and Services.)

6200.4.11 Any other dishonest or fraudulent act or similar or related irregularity.

6200.4.12 Intentional, false representation, or concealment of material fact for the purpose of personal gain, including personnel records.

6200.5 Employee in the context of this policy refers to any individual or group of individuals who receive compensation, either full-time, part-time, or on a temporary basis from the District. The term also includes any volunteer who provides services to the District through an official arrangement with the District or a District organization.

6200.6 Management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

6200.7 Investigating Authority refers to any person or persons assigned by the Board President or Chief Executive Officer (CEO) to investigate any fraud or similar activity.

6200.8 External Auditor refers to independent audit professionals who perform annual audits of the District's financial statements, and communicate to the Board concerning the creation and implementation of internal controls.

6200.9 Management is responsible for the detection and prevention of fraud, and for putting procedures into place to facilitate the prevention of fraud.

6200.9.1 Any irregularity that is detected or suspected must be reported immediately to the Chief Financial Officer (CFO) or the Director of Human Resources (DHR), who will coordinate all investigations with the Board President or CEO and other affected areas, both internal and external.

6200.9.2 If there are concerns about the activities of the above-mentioned CEO, CFO or DHR, it must be reported to the Board President.

6200.10 Each District department head is responsible for instituting and maintaining internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriation, and other irregularities.

6200.11 The Investigating Authority, in conjunction with legal counsel, has the primary responsibility for the investigation of all activity as defined in this policy. The Investigating Authority will also inform the Board President or CEO of pertinent findings.

6200.12 Employees will be granted "whistleblower" protection when acting in accordance with this policy. When informed of a suspected impropriety, any person acting on behalf of the District shall not dismiss, suspend, or discipline the employee, or threaten to do so. The employee also shall not be penalized or intimidated in any manner.

6200.13 Upon conclusion of the investigation, the results will be reported to the Board President or CEO. The Board President or CEO will take appropriate action regarding employee misconduct. Disciplinary action can include termination and referral of the case to the District's Attorney's Office for possible prosecution.



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6200.14 When appropriate, the District will pursue every reasonable effort, including court ordered restitution, to obtain recovery of District losses from the offender or other appropriate sources.