

1.7 Fraud

The Authority expects the Executive Director and all officers, directors and employees to deviate from activity that may be construed as, or is, fraudulent in nature. Fraud generally involves a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money, property, or the water and power services of the Authority, by deception or other unethical means. All fraudulent acts are included under this policy and include, but is not limited to, such things as:

- Embezzlement, misappropriation or other financial irregularities;
- Forgery or alteration of documents (i.e. checks, time sheets, contractor agreements, purchase orders, financial documents, and electronic files);
- Improprieties in the handling or reporting of money or financial transactions;
- Misapplication of funds, supplies, inventory, or any other asset (including furniture fixtures or equipment);
- Authorizing or receiving payment for goods not received or services not performed;
- Authorizing or receiving payment for hours not worked; and
- Disclosing confidential and proprietary information to outside parties.
- Misrepresentation of material information.

Great care must be taken in the dealing with suspected dishonest or fraudulent activity to avoid the following:

- Incorrect accusations;
- Alerting suspected individuals that an investigation is underway;
- Making statements that could lead to claims of false accusations or other offenses;
- Discussing the case, facts, suspicions, or allegations with anyone outside the Authority, unless specifically directed to do so by the General Counsel or the Internal Auditor; and
- Discussing the case, facts, suspicions, or allegations with anyone inside the Authority other than the Internal Auditor, the General Counsel and only others in management who have a "need to know".

All inquiries from any individual suspected of violating this policy, or his or her representative, or attorney, must be directed to the Internal Auditor or General Counsel. A proper response to such an inquiry should be: "I'm not at liberty to discuss this matter." Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the forgery", "the misappropriation," etc.

Responsibilities

Management Responsibilities

Management is responsible for detecting fraudulent or related dishonest activities in their work areas of responsibility.

Each officer, director and manager should be familiar with the types of improprieties that might occur in their work area and be alert for any indication that improper activity is or was in existence in his or her area.

When 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.

If Management determines a suspected activity may involve fraud or related dishonest activity, they should contact their immediate supervisor and the department head. The department head must contact the Internal Audit Department. Internal Audit will conduct an investigation with appropriate internal and external departments.

Employee Responsibilities

When suspected fraudulent incidents or practices are observed by or made known to an employee the following steps must be immediately taken. Employees who knowingly make false accusations or gives false statements may be subject to disciplinary action, up to and including termination.

The incident or practice must be reported to his/her superior for reporting to the proper management official. When the employee believes the supervisor may be involved in the appropriate activity, the employee shall make the report directly to the next higher level of management and/or Internal Audit.

The reporting employee shall refrain from further investigation of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone unless requested to by General Counsel, Internal Audit or law enforcement personnel.

Internal Audit Responsibilities

Internal Audit will control all investigative activities. Internal Audit is available and receptive to receiving relevant information on a confidential basis to the extent allowed by law. If warranted, a prompt investigation will be conducted to include detailed analysis of available records. The audit investigation requires, and must be provided, the full cooperation of departmental personnel. Failure to cooperate with the investigation, could lead to disciplinary action, up to and including termination.

In order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct, and in order to protect the Authority from potential civil liability, the results of investigations by Internal Audit will not be disclosed or discussed with anyone other than authorized representatives of law enforcement and or regulatory agencies, and only those persons associated with the Authority who have a legitimate need to know such results in order to perform their duties and responsibilities.

General Counsel's Responsibilities

A designated member of General Counsel's staff shall review completed Case Reports to:

- Assure that sufficient probable cause exists, and is in evidence, to show that a violation of the Authority's policies and procedure or a crime has been committed: and
- Assure that there are no known circumstances that would preclude following established policy in providing such evidence to appropriate law enforcement, prosecuting and/or regulatory authorities and agencies for their independent and final determination.

No Retaliation

No employee who, in good faith, notifies the Authority of any activity constituting a violation of this policy, WAPA's rules and regulations, or a violation of local or federal law, shall be subjected to any harassment, adverse employment consequences or other form of retaliation by the Authority.

Retaliation includes, but is not limited to, adverse job actions, such as termination, reduction in salary, or transfer to a lesser position. However, the reporting of a violation will not excuse the violation itself. Any Authority Personnel who retaliates against someone who has reported such an occurrence, in good faith, shall be subject to disciplinary action up to and including termination.

Violation of this Policy

No policy of the Authority can provide definitive answers to all questions. If an employee has questions regarding any of the procedures discussed herein or are in doubt about the best course of action in a particular situation, they should contact the person or party designated. All efforts will be made to protect the confidentiality of any individual who reports violations and/or concerns regarding this Policy.

The Authority will take appropriate disciplinary and legal actions against Authority Personnel who violate this Policy, to include restitution, suspension, diminution of responsibilities or demotion, termination of employment, and forwarding information to the appropriate authority for criminal investigation and prosecution.

This Policy is not intended to supersede or materially alter a distinct WAPA Policy covering a specific matter and communicated to employees, unless specifically stated herein. Certain policies referred to herein may be contained elsewhere in the Authority's Personnel Policies and Procedures Manual.