

CLEAR CREEK COMMUNITY SERVICES DISTRICT

ORDINANCE 2008-05

AN ORDINANCE BY THE BOARD OF DIRECTORS OF THE CLEAR CREEK COMMUNITY SERVICES DISTRICT ADOPTING A FRAUD PREVENTION POLICY IN COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS.

WHEREAS, during the 2006-07 annual audit it was recommended that the District adopt a Fraud Prevention Policy; and,

WHEREAS, the Board of Directors desires to comply with Generally Accepted Accounting Principals; and,

WHEREAS, the Board of Directors takes their fiduciary responsibilities very serious and has made it an absolute priority to protect the financial integrity of the District for continued financial stability of the organization, on behalf of the customers; and,

WHEREAS, as a part of the Fraud Prevention Policy, the Board of Directors acknowledges that investigation of any alleged wrong doing must be treated with the utmost confidentiality, and therefore authorizes the Financial Committee to conduct closed meetings at which such matters may be discussed; and

NOW, THEREFORE, BE IT ORDAINED that the Board of Directors of the Clear Creek Community Services District does hereby adopt attached "Exhibit A" the Fraud Prevention Policy.


PASSED AND ADOPTED this 19<sup>th</sup> day of March 2008 by the following vote:

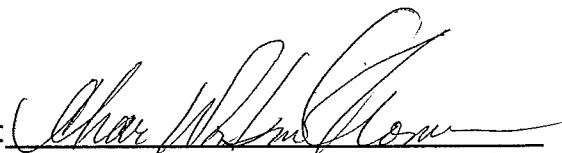
Motion: Coleen Wogoman

Second: Ron Asher

Ayes: 5      Noes: 0      Abstain: 0

Absent: 0

  
Johanna Trenerry, Chairwoman

ATTEST:   
Char Workman-Flowers, CEO/CFO,  
Secretary to the Board of Directors

## CLEAR CREEK COMMUNITY SERVICES DISTRICT FRAUD PREVENTION POLICY

### Introduction

It is the desire of Clear Creek Community Services District, hereinafter referred to as CCCSD, to comply with Generally Accepted Accounting Principals, in part by adopting a fraud prevention policy to ensure the continued success and financial stability of the organization.

### Scope

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as vendors, consultants, contractors, and/or any other parties with a business relationship with CCCSD. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with CCCSD.

### Policy

Management is responsible for the detection and prevention of fraud, misappropriations, or other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her own detriment. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the CEO/CFO or alternatively, to the Chairman of CCCSD, or a member of the Financial Committee, who will then coordinate an investigation.

### Actions Constituting Fraud

The terms "fraud", "defalcation", "misappropriation", and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act,
2. Forgery or alteration of any document or account belonging to CCCSD.
3. Forgery or alteration of a check, bank draft, or any other financial document.
4. Misappropriation of funds, securities, supplies, equipment, or other assets of CCCSD.
5. Impropriety in the handling or reporting of money or financial transactions.
6. Disclosing confidential and proprietary information to outside parties.
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to CCCSD. Exception: gifts less than a nominal value of \$25 in value.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.
9. Any similar or related irregularity.

### Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the CEO/CFO and/or the CCCSD Personnel Committee.

If there is a question as to whether an action constitutes fraud, contact the CEO/CFO, Chairman of CCCSD or a member of the Financial Committee for guidance.

### Investigation Responsibilities

The Financial Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. The Financial Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation.

If an investigation substantiates that fraudulent activities have occurred, the Financial Committee will issue reports to appropriate designated personnel and if appropriate, to the CCCSD Board of Directors. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and CEO/CFO, as will the final disposition of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds (i.e. USBR Water Conservation Grant), additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply. It is the policy of CCCSD to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in the award documents.

### Confidentiality

The Financial Committee and the CEO/CFO will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the CEO/CFO or a member of the Finance Committee immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigations results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect CCCSD from potential civil liability.

As a part of this Confidentiality Policy, CCCSD formally authorizes the Financial Committee to conduct closed meetings at which such matters may be discussed.

### Authority for Investigation of Suspected Fraud

Members of the CCCSD Financial Committee will have the following available to them:

1. Free and unrestricted access to all CCCSD records and premises, whether owner, rented, etc.
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigation.

### 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 under way.

An employee who discovers or suspects fraudulent activity will contact the CEO/CFO or a member of the Finance Committee immediately. The employee or other complainant may remain anonymous and is protected under the Ethics Policy, section titled "Improper Activities and Protection of "Whistle Blower" adopted by Ordinance 2004-07, July 14, 2004.

All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance Committee or CCCSD legal counsel.

Absolutely no information concerning the status of an investigation will be given out. The proper response to any inquiry is "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 informed of the following:

1. Do not contact the suspected individual in an effort 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 CCCSD legal counsel or the Finance Committee.
3. Violation of this policy by an employee may result in disciplinary action, up to and including termination from CCCSD. At the discretion of the CCCSD Board of Directors, actions may be taken against other reporting individuals who violate this policy.