

**PRO-302.6  
PROHIBITION ON FINANCIAL IMPROPRIETY ADMINISTRATIVE PROCEDURE**

**1.0 Purpose.**

The purpose of this Administrative Procedure is to implement Section 302.3.1 of TRWD Board Policy regarding Employee Standards of Conduct and Code of Ethics to advance TRWD's public fiduciary responsibility and its desire to ensure public trust.

**2.0 Scope.**

This Administrative Procedure applies to all departments, divisions, and offices within TRWD, all TRWD employees, and all consultants, vendors, contractors or any other individuals engaged in a relationship with the District.

**3.0 Prohibition on Fraud and Financial Impropriety.**

All TRWD employees represent TRWD and shall act with the highest integrity, exercise due diligence, and comply with all relevant statutory and regulatory requirements in conducting the business of the District. TRWD strictly prohibits its employees, volunteers, consultants, vendors, contractors and other individuals engaged in a relationship with the District from engaging in any type of fraud or financial impropriety as they conduct any business of the District. This prohibition on fraud and financial impropriety means that TRWD employees, volunteers, consultants, vendors, contractors and other individuals engaged in a relationship with the District should make every effort to avoid even the appearance of fraud or financial impropriety.

For purposes of this Administrative Procedure, fraud and financial impropriety shall include, but is not limited to:

- Forgery or unauthorized alteration of any document or account belonging to the District.
- Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
- Misappropriation of funds, securities, supplies, or other TRWD assets, including employee time.
- Impropriety in the handling of money or reporting of TRWD financial transactions.
- Profiteering as a result of insider knowledge of TRWD information or activities.
- Unauthorized disclosure of confidential or proprietary information to outside parties, as set forth in the Maintenance of *TRWD 302.2 Confidential and Propriety Information Administrative Procedure*.
- Unauthorized disclosure of investment activities engaged in or contemplated by the District.
- Accepting or seeking anything of value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or TRWD policy.

- Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
- Failing to provide financial records required by federal, state, or local entities.
- Failure to disclose conflicts of interest as required by law or TRWD Board Policy 302, Employee Standards of Conduct and Code of Ethics, Section 302.4.4 regarding “TRWD Official Conflict Disclosure” or the *302.3 Conflict of Interest Administrative Procedure*.
- Any other dishonest act regarding the finances of the District.
- Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.

#### **4.0 Supervisors’ Role Regarding Prohibition of Financial Impropriety.**

All supervisors and any TRWD employee who prepares TRWD financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

#### **5.0 Duty to Report.**

Any person who suspects that a TRWD employee, volunteer, consultant, vendor, contractor, or other individual engaged in a business relationship with the District has engaged in fraud or financial impropriety with respect to TRWD or its business shall report the suspicions immediately to any supervisor, the General Counsel, or the Chief Internal Auditor.

If a supervisor receives any report of suspected fraud or financial impropriety, the supervisor should ensure that the reported information is provided to the General Counsel or the Chief Internal Auditor.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

#### **6.0 Prohibition on Retaliation.**

TRWD prohibits retaliation against any person who in good faith reports a suspicion of fraud or financial impropriety.

#### **7.0 Compliance Reviews or Investigations.**

In coordination with the General Counsel and the Chief Internal Auditor or external departments or agencies, as appropriate, the General Manager or designee shall promptly review and/or investigate reports of potential fraud or financial impropriety when necessary.

If the review or investigations substantiates a report of fraud or financial impropriety, the General Manager or designee shall promptly inform the Board of the report, the outcome

of the review and investigation, and any responsive action taken or recommended by the General Manager and/or other TRWD administrators.

### **8.0 External Reporting.**

If a review or investigation reveals any fraud or financial impropriety, or when third-party disclosure is required or circumstances warrant, the General Manager or designee should consult with the General Counsel regarding referring matters or the findings of a review or investigation to appropriate law enforcement or regulatory authorities.

### **9.0 Federal Awards Disclosure.**

The General Manager or designee will disclose, as applicable, in a timely manner in writing to the federal awarding agency or pass-through entity, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting a federal grant award.

### **10.0 Disciplinary Action.**

If an employee is found to have committed fraud or engaged in financial impropriety, the General Manager or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the District shall take appropriate action, which may include cancellation of the District's relationship with the contractor or vendor.

### **11.0 Remedial Action.**

After any review or investigation substantiates a report of fraud or financial impropriety, the General Manager or designee, in consultation with the General Counsel and/or Chief Internal Auditor, shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The General Manager or designee shall ensure that appropriate procedures are developed and implemented, if needed, to prevent future misconduct. The General Manager or designee shall update the Board regarding any remedial measures taken to address substantiated allegations of fraud or financial impropriety.