



City of Santa Clarita
POLICY/PROCEDURE

Number II-29

**FRAUD PREVENTION, REPORTING AND
INVESTIGATION POLICY**

ORIGINAL ISSUE: 6/1/2017

EFFECTIVE: 6/1/2017

CATEGORY: ADMINISTRATION

RESPONSIBLE DEPARTMENT: CITY MANAGER'S OFFICE

STANDARD MANAGEMENT PROCEDURE

I. PURPOSE

The City of Santa Clarita ("City") is committed to protecting its revenue, property, and other assets. The City will not tolerate any misuse or misappropriation of City assets. The City is committed to the highest possible standards of transparency, honesty, and accountability.

The purpose of this policy is to provide guidance and direction to employees when misuse or misappropriation of City assets is suspected or alleged.

This policy applies to any alleged fraud, waste or abuse involving City elected officials, all City employees, appointed commissioners, volunteers, as well as vendors, consultants, contractors, outside agencies, and any other parties with a business relationship with the City (collectively, "covered individuals").

II. DEFINITIONS

A. For the purposes of this policy, fraud is defined as misuse, or the attempt to misuse, a City asset for personal gain or for purposes unrelated to City business. Examples of fraud include, but are not limited to:

1. Misappropriation of funds, supplies, or other assets;
2. Impropriety in the handling or reporting of money or financial transactions;
3. Obtaining City property, funds, or compensation through dishonesty;
4. Stealing or removing, without authorization, City assets, equipment, or other property;
5. Using City equipment, facilities, supplies, information or funds for purposes unrelated to City business;
6. Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials; and/or
7. Acting in any matter that creates a conflict of interest, as defined by law and/or City policy.

B. In addition to alleged fraud, this policy also applies to any breach of the Santa Clarita Municipal Code, other City or Departmental policies and/or Personnel Rules, which has a significant financial impact on the City, including but not limited to waste or abuse of City resources.

C. For purposes of this policy, waste is defined as any needless, careless, extravagant or unnecessary expenditure of City resources and property that has a significant financial impact on the City. Examples of waste include, but are not limited to:

1. Unnecessary expenditure of City funds to purchase supplies or equipment;
2. Creating unnecessary overtime;
3. Making business related travel arrangements that violate the City's Business Leave Policy, Finance Policy, Purchasing Policy, or any other City Policy; and/or
4. Failure to properly dispose of City property consistent with the City's surplus property procedures.

D. For purposes of this policy, abuse is defined as the intentional destruction, manipulation, misapplication, or misuse of City resources. Examples of abuse include, but are not limited to:

1. Requesting, instructing or permitting staff to perform personal errands or other work for personal benefit;
2. Using one's position in the City to gain advantage when conducting personal business with another City department, with vendors, contractor, or any other organization;
3. Receiving favors for awarding contracts to certain vendors; and/or
4. Failure to report damage to City equipment or property.

E. Covered individuals who are unsure as to whether a particular action, process, or protocol constitutes fraud, abuse, or waste are instructed to contact their supervisor, division manager, department director, the City Manager, or the Human Resources Division for clarification.

III. REPORTING PROCEDURE

A. Covered individuals of the City are required to immediately report potential, alleged, or suspected fraud, abuse, or waste. Reports can be made verbally or in writing to any of the following:

1. Any supervisor, manager or director – Employees are not required to follow their normal "chain of command"
2. Human Resources Manager

3. Assistant City Manager
4. City Manager
5. City Attorney
6. LA Crime Stoppers: Dial 800-222-TIPS (8477); Text the letters TIPLA plus your tip to CRIMES (274637); or use the website <http://lacrimestoppers.org/>

All employees in the classifications listed above in Section III.A of this Policy are required to immediately report alleged fraud, abuse or waste to the City Manager. Reports may be received verbally or in writing, and there is no such thing as an “off the record” report. In the event, the City Manager is alleged to be in violation of this policy, the allegation must be reported to the City Attorney or City Council.

All employees in the classifications listed above in Section III.A of this Policy are responsible for ensuring procedures and protocols are in place to reduce the potential for fraud, abuse or waste in their area of responsibility, including regularly reviewing this policy with employees and demonstrating pro-active measures to identify and prevent fraud.

B. Complaints should be as detailed as possible, and must include details of the alleged incident(s), the name(s) of any individuals involved, and the name(s) of any witnesses. The complaint should also include any documentary evidence, including electronic documents.

C. The City discourages anonymous complaints. However, any employee who is uncomfortable disclosing his/her identity may do so following the reporting procedures provided in this policy. Covered individuals are advised that anonymity in the complaint procedure may compromise the City’s ability to complete a thorough investigation. Covered individuals are also advised that should the City learn of the anonymous person’s identity, the City cannot guarantee that his/her identity will remain confidential.

IV. INVESTIGATION OF FRAUD, ABUSE OR WASTE

A. All reports of fraud, abuse or waste must be investigated.

B. The City Manager’s Office has primary responsibility for the investigation of all allegations of fraud, abuse or waste.

C. Investigations related to potential employee misconduct will be coordinated with the Human Resources Division.

D. Investigations will be conducted in an impartial manner, without regard to the suspected wrongdoer’s length of service, position/title, or relationship to the City, and in compliance with all City Policies.

E. To the extent possible, the identity of individuals involved in the investigation, including the identity of the individual(s) alleging fraud, waste or abuse, and the identity of the individual(s) alleged to have violated this policy, will be kept confidential. However, the City

cannot guarantee complete confidentiality of the identity of any individual and/or the information gathered during the investigation.

F. Participants, witnesses, complainants, subjects, and any other individual aware of a pending or on-going investigation shall treat all information received confidentially. Employees who disclose confidential information regarding an investigation, other than with a legal or union representative of their choice, may be subjected to disciplinary action.

G. Investigation results will be maintained confidentially and will not be shared, disclosed, or discussed with anyone other than those who have a legitimate need to know, or as required by law.

H. The results of the investigation will be provided to the City Manager and, in the case of an accused employee, to the employee's appointing authority. The City will retain the complaint and all investigation documents in accordance with the City's Records Retention Policy.

I. Employees who file a good faith complaint under this policy are protected from retaliation because of the good faith reporting. Employees who believe they are being retaliated against for good faith reporting of alleged fraud, abuse or waste are required to report the retaliation to the Human Resources Division, or to any supervisor, manager, department director, the Assistant City Manager, or the City Manager. The City will investigate all claims of retaliation and will take appropriate corrective action and any appropriate steps to deter retaliation.

J. Employees found in violation of this policy may be subject to disciplinary action, up to and including termination of employment.

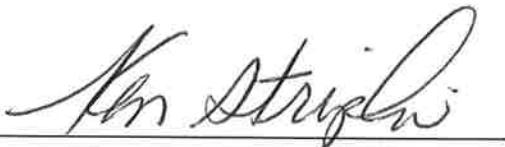
K. A violation of this policy by a non-employee is grounds for the City ceasing to utilize the individual's services and/or ending the business relationship.

V. EXCEPTIONS

There are no exceptions to this Policy without the express written authorization of the City Manager.

VI. AUTHORITY

By the authority of the City Manager.



Kenneth W. Striplin
City Manager