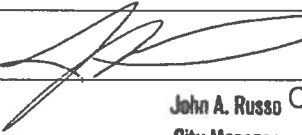




City of Riverside Administrative Manual

Effective Date: 10/2007
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Policy Owner(s): Internal Audit

Approved:



Department

John A. Russo City Manager
City Manager

SUBJECT:

Fraud, Waste, and Abuse Reporting and Investigation Policy

PURPOSE:

The City of Riverside is committed to protecting its revenue, property, and other assets. The City of Riverside will not tolerate any misuse or misappropriation of City assets.

The purpose of the Fraud Prevention, Reporting and Investigation Policy is to provide communication and guidance to employees when misuse or misappropriation of City assets is suspected.

This policy applies to any fraud, or suspected fraud, involving Riverside City Officials, all City employees as well as vendors, consultants, contractors, outside agencies and/or any other parties with a business relationship with the City of Riverside.

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

- Misappropriation of funds, supplies or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Obtaining City funds or compensation through dishonesty;
- Stealing or removing City assets;
- Using City equipment, facilities, supplies or funds for purposes unrelated to City business; and/or
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the City in violation of Administration Manual section 01.009.00 (Acceptance of Gifts) and/or California Government Code 89503, sections (a) and (c).

POLICY:

Any fraud that is detected or suspected must be reported immediately to the City of Riverside Internal Audit Division, who coordinates all investigations with the City Attorney, and department/division management, as appropriate.

Any investigative activity required will be conducted in an impartial manner, without regard to the suspected wrongdoer's length of service, position/title, or relationship to the City.

Investigation Responsibilities

The Internal Audit Division has the primary responsibility for the investigation of all suspected fraudulent

acts as defined in the policy. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway. Decisions to refer a report to the City's Police Department for initial investigation will be made in conjunction with the City Attorney.

If the investigation substantiates that fraudulent activities have occurred, the Internal Audit Division will contact the City Attorney. Decisions to prosecute or refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the City Attorney and senior/executive management, as will final decisions on disposition of the case.

If the investigation finds no fraudulent activities have occurred, the Internal Audit Division will retain the confidential complaint and investigation documents for a period of up to seven (7) years. To the extent possible, the identity of an individual(s) alleging fraud and the identity of an individual alleged to have committed fraud will be kept confidential.

Reporting Procedures

Every employee has a duty to report any suspected fraudulent act. The Internal Audit Division has developed several methods which can be used to report any suspected wrong doing.

HOTLINE – Internal Audit has established a 311 Whistleblower Hotline to receive complaints and allegations of fraud, waste, abuse, or mismanagement of City of Riverside resources, or violations of law, rules/regulations by City of Riverside employees or contractors. The number to call is **951-826- 5311**. If you wish, you may remain anonymous; however, the more specific information you provide the easier it will be for Internal Audit to follow-up on your concern.

Online Form – Internal Audit has established an online form via the City's 311 webpage to report any suspected fraudulent act. To access the form, go to <http://crmweb.riversideca.gov>. Under the **SELECT THE TYPE OF PROBLEM YOU ARE REPORTING** heading, select the **WEB, Whistleblower Hotline** option.

Complaints or reports received via telephone or online identified as potential fraud, waste, or abuse will be forwarded via the 311 reporting process directly to Internal Audit. If you wish, you may remain anonymous. You have the option of identifying yourself in order to provide Internal Audit a means to contact you via phone or email in case they have additional questions. When you call or complete the online form, the following information is needed in order to follow-up on your concern:

- What happened and why you think it is/was wrong;
- The date and time the incident occurred, and suspected person(s), if known;
- The department impacted and the people involved;
- The location where the incident happened; and
- Any documentation or other evidence you have or know of that you can provide.

Confidentiality

Internal Audit staff and all participants in a fraud investigation shall treat all information received confidentially. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate "need" to know. To the fullest extent possible, the identity of individuals involved in an investigation including the identity of an individual alleging fraud and the identity of an individual alleged to have committed fraud will be protected.

Whistleblower Protection

The City will not retaliate, nor will it tolerate retaliation against those who, in good faith, report suspected fraud, waste and abuse or who participate in an investigation of suspected violations. An act of retaliation should be reported immediately to the Internal Audit Manager for referral to the Human Resources Director, who will investigate and such report as a potential City policy violation. In addition, those who bring matters to the Internal Audit Manager are protected through the State of California Whistleblower Protection Statute, California Labor Code Sections 1102.5 and 1106.

Disciplinary Action

Department/division management is solely responsible for discipline of employees in consultation with the Human Resources Department and the City Attorney. Employees who have committed fraud will be subject to disciplinary action up to and including termination of employment; such processes will comply with applicable policies and MOUs.

Where fraud is suspected of any City employee, the individual will be given notice of the essential particulars of the allegations following the conclusion of the investigation and prior to final disciplinary action. The individual against whom allegations are being made will be given opportunity to respond. This requirement is subject to any collective bargaining agreement provisions respecting the rights of employees in the disciplinary process.

PROCEDURE:

| Responsibility | Action |
|-----------------------|--|
| Employee | Any employee of the City of Riverside who knows or has reason to believe that a fraud has occurred is responsible for immediately notifying Internal Audit (either directly or via the 311 Whistleblower Hotline). |
| Management | Management is responsible for notifying Internal Audit if an employee notifies his/her manager of a potential/alleged fraud. Management is responsible for implementing the appropriate controls to prevent fraud reoccurrence. |
| Internal Audit | Primary responsibility for the investigation of all suspected fraud. Will inform the City Attorney and department/division management, as appropriate, of an allegation of fraud at the start of the investigation. The Internal Audit Manager may delegate responsibility for the investigation of suspected fraud to appropriate Internal Audit Division staff depending on the nature and scope of the suspected fraud. In this regard, the Internal Audit Manager will continue to monitor and provide advice as requested. Upon conclusion of an investigation by Internal Audit, recommendations may be made to department/division management where required in order to minimize future risk. |

PROCEDURE:

| Responsibility | Action |
|-----------------------|---|
| City Attorney | Internal Audit will prepare an annual report on the status of fraud and related matters for review by the City Manager, Assistant City Managers, City Attorney, and external auditors, if requested. Decisions to refer a matter for investigation, or to refer investigation results, to the City of Riverside Police Department or other regulatory agencies for independent investigation, will be made by the City Attorney. |