

		Policy # 1951
Subject: County Fraud Policy		
Responsible Department: Department of Finance		
Effective Date: 07/1996		Revision Date: 09/2018
Ben Lamera Director of Finance		Navdeep S. Gill County Executive

1. **Purpose**

To ensure public trust in Sacramento County government and to provide a framework for reporting detected fraud and the required investigation of fraud, misconduct, waste and abuse. Department management is responsible for establishing internal controls to prevent and detect misappropriation and any other irregularities. Department management is also responsible for taking appropriate action to remedy any known misappropriation and/or irregularities. Each member of the department's management team should be familiar with the types of improprieties that might occur in his or her area of responsibility, adopt procedures and internal controls to prevent and detect potential fraud, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Department of Finance, Auditor-Controller Division, Internal Audits Unit, by calling the Fraud Hotline at (916)874-7822 or emailing audits@saccounty.net.

2. **Authority**

California Fair Political Practices Commission; Government Code Sections 53087.6 and 26883; County of Sacramento Code of Ethics; and the Board of Supervisors.

3. **Scope**

Applies to any irregularity or suspected irregularity involving employees, vendors, outside agencies or any individual. A complete investigation is required to be conducted to establish the facts and details of the reported situation.

4. Procedures

Actions Constituting Fraud

The terms misappropriation and other fiscal irregularities refer to but are not limited to:

- any dishonest or fraudulent act;
- forgery or alteration of any document of account;
- forgery or alteration of a warranty or any other financial document;
- seeking or accepting anything of material value from vendors or persons providing services or materials to the County;
- destruction or disappearance of records or fixed assets;
- any similar or related irregularity.

Examples of Fraud:

- computer fraud;
- contractor improprieties;
- management improprieties;
- theft of cash or equipment;
- misuse of County property and equipment including vehicles;
- inappropriate access of confidential information;
- abuse of work hours;
- bribery and acceptance of gratuities.

Non-fraud Irregularities

Identification or allegations of personal improprieties whether moral, ethical, or behavioral, should be resolved by department management and the Department of Personnel Services, and not the Department of Finance.

If there are any questions as to whether an action constitutes fraud, contact the Department of Finance, Auditor-Controller Division (Auditor-Controller) for guidance. Fraudulent or wasteful activities can be reported to the Sacramento County Fraud Hotline by phone at (916)874-7822, by email at audits@saccounty.net, or by mail at the Audit Fraud Hotline, 700 H Street, Room 3650, Sacramento, CA 95814.

Information regarding the Fraud Hotline on the Sacramento County intranet is located at:

<http://inside.finance.saccounty.net/Auditor-Controller/Pages/AuditFraudHotline.aspx>.

Additionally, the Fraud Hotline is available on the internet at:

<http://www.saccounty.net/Government/Pages/FraudHotline.aspx>

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There is a separate Welfare Fraud Hotline that can be reached by email at DHA-ReportWelfarFraud@sacounty.net or by phone at (916)875-8908. Other Fraud Hotlines include; In-Home Supportive Services (IHSS) Fraud Hotline (916)874-3836, District Attorney office reception (916)874-6218, Insurance Fraud Hotline (916)874-4698 and Real Estate Fraud Hotline (916)874-9045.

When making a report, include as much detail as possible so there can be a full investigation. Include details including who, what, where and when for the reported instance. If requested and contact information is provided, a response will be provided regarding the report within five business days of the reporting date. The names of those reporting fraud are kept confidential to the fullest extent of the law and reports can be made anonymously.

Investigation Responsibilities

The Auditor-Controller has the primary responsibility for the fiscal investigation. If the investigation reveals the fraudulent activities have occurred, the Auditor-Controller will refer the matter to the District Attorney or other appropriate law enforcement agencies for review. Decisions to prosecute will be made after a review by the County Executive Office, Department of Personal Services, County Counsel, Risk Management Office and the Department.

Confidentiality

The Auditor-Controller will hold all information received from any employee who suspects dishonest or fraudulent activity on a confidential basis. The individual should contact the Auditor-Controller immediately, no attempt to personally conduct investigations or interviews/interrogations related to suspected fraudulence should occur (see Reporting Procedure section below).

The results of an investigation conducted by the Auditor-Controller will not be disclosed or discussed with anyone other than those persons associated with the County Department who have a legitimate need to know in order to perform their duties and responsibilities. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct to protect the County from potential civil liability.

Authorization for Investigating Suspected Fraud

In those instances in which the Auditor-Controller believes it to be in the County's best interests, members of the Auditor-Controller's Internal Audits Unit have the authority and duty after consulting with appropriate management to:

- take control of, and/or gain full access to all departmental premises whether owned or rented; AND
- examine, copy, and/or remove any or all portions of files, desks, cabinets, phones, computers, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities.

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 should contact the Fraud Hotline immediately. All inquiries from the suspected individual and his or her attorney or representative should be directed to the Auditor-Controller or the District Attorney. Proper response to such an inquiry is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "what you did," "the crime," "the fraud," "the forgery," "the misappropriation," or any other special reference.

The reporting individual must adhere to the following restrictions:

- do not contact the suspected individual in an effort to determine facts or demand restitution
- do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked by the Auditor-Controller, the District Attorney, or individuals within the department who have a legitimate need to know.

Termination

If any investigation results in a recommendation to terminate an individual, the recommendation will be reviewed by the Department of Personal Services and/or County Counsel before any such action is taken.

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Administration

The Director of Finance is responsible for the administration, interpretation, and application of this standard and procedure.

5. Review

Review annually and revise for any changes in guidance from the aforementioned authorities above.