

INFORMATION



February 17, 2016

Purpose: The Finance Committee has reviewed the Fraud Policy of the company and has developed recommended improvements to said Policy for the Board to consider.

Background:

One of the regular task of the Finance Committee is to cycle through all policies of the Association with a financial component. One of these policies currently under review is Resolution 2005-3 Fraud Policy. A working sub-group of the Finance Committee has developed recommended enhancements to this current policy. The Finance Committee and management has reviewed and approved the recommendations. Post-Board direction, the committee will draft a new Fraud Policy resolution for Board's review and approval.

Attachment A is the recommended policy enhancements

Attachment B is the current policy, Resolution 2005-3 Fraud Policy

Recommendation:

Direct Finance Committee to proceed with incorporating recommended improvements to Fraud Policy into an updated Fraud Policy resolution for Board review and approval.

Prepared By: Michael R. Salmon, Director of Finance, 2/17/2016 

Board Meeting Date: February 27, 2016 < Information/Discussion Agenda Item

General Manager Approval _____

**Tahoe Donner Association
Finance Committee
Resolution Review Subcommittee**

**Recommended Enhancements to
Fraud Risk Management Activities**

February 11, 2016

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TD Fraud Management Program Recommended Enhancements

- Update Employee Handbook
 - Add Code of Conduct, including Conflict of Interest provision
 - Include protocols for reporting suspected fraud
 - Incorporate whistleblower protection
 - Document existing Gift policy
- Enhance Employment Policies
 - Institute Whistleblower Protection Policy
 - Require mandatory cooperation with investigations into alleged or suspected fraud
 - Establish mandatory Annual Leave for Finance employees
 - Strengthen New Hire Background Checks/pre-employment screening for Senior Management and Finance department employees

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TD Fraud Management Program Recommended Enhancements

- Fraud Reporting Protocols
 - Include Board in investigations involving Senior Management, in addition to General Manager
 - Establish quarterly reporting to Board on fraud risk management activities and incident resolution
- Implement Code of Conduct specifically for Senior Management, including conflict of interest provision with annual affirmation
- Subscribe to third party Fraud Hotline Service for anonymous tip reporting

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**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS
FRAUD POLICY
RESOLUTION 2005-3**

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It is the policy of the Board of Directors to facilitate the development of controls, which will aid in the detection and prevention of fraud, impropriety or irregularity within the organization. It is the intent of the Board to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Scope of Policy

This policy applies to any actual or suspected fraud, impropriety or irregularity involving employees as well as consultants, vendors, contractors, employees with outside agencies and/or any other parties with a business relationship with the Association.

The General Manager, without regard to the suspected wrongdoer's length of service, position/title, or relationship with the organization, shall evaluate suspected fraud and initiate any necessary investigative activity.

Where the General Manager is concerned, the Board of Directors, along with the Association's Legal Counsel, shall evaluate suspected fraud and initiate any necessary investigative activity.

Policy

Management personnel shall be responsible for detection and prevention of fraud, improprieties and other irregularities involving the organization. Each member of the management team shall be familiar with various types of improprieties that might occur within his/her area of responsibility, and be alert for any indication of fraud, abuse or illegal act.

Any fraud that is detected or suspected must be reported immediately to an immediate supervisor, when possible, and the General Manager. The General Manager will coordinate all investigations with Legal Counsel and other affected departments and agencies both internal and external, as the case may be.

FRAUD

Fraud, Improprieties and Irregularities

The terms fraud, abuse and illegal acts refer to any dishonest or fraudulent act, such as, but not necessarily limited to, the following:

1. Forgery or alteration of any document or account belonging to the Association.

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2. Forgery or alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, supplies, or other assets including chemicals, fuel, tires, use of Association equipment, along with personal use of computers and telephones that can be considered abusive.
4. Impropriety in the handling or reporting of money or financial transactions.
5. Disclosing confidential and/or proprietary information to outside parties.
6. Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the organization with a value of more than \$100.
7. Destruction, removal or inappropriate use of records, furniture, fixtures, vehicles, and equipment; and/or
8. Any similar or related irregularity to those specified above.

If there is any question as to whether an action constitutes fraud, contact the General Manager or Association's Legal Counsel for guidance.

Investigative Responsibilities

The General Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, a report will be issued to appropriate management personnel and Board.

A decision to file a criminal complaint or refer a matter to the appropriate law enforcement and/or regulatory agency for independent investigation, as well as the final decision concerning the disposition of the matter, will be made in conjunction with the General Manager, Association's Legal Counsel and Board President. For matters concerning the General Manager, the Board of Directors shall be notified through the Association's Legal Counsel and any investigative efforts shall be initiated upon authorization of the Board of Directors.

Confidentiality

The General Manager shall maintain the confidentiality of all information received. Any employee who suspects dishonest or fraudulent activity should immediately notify their immediate supervisor, when possible, and/or the General Manager, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected dishonest/fraudulent act (see Reporting Procedures).

The results of any investigation shall not be disclosed or discussed with anyone other than those individuals who have a legitimate need to know. This is important in order to both avoid damaging the reputations of persons suspected of misconduct but subsequently found innocent of any wrongdoing, and to protect the organization from potential civil liability.

Authorization for Investigating Suspected Fraud

Where there exists reasonable cause, and to the extent permitted by law, the General Manager or Board representative is authorized upon the initiation of an investigation, and after consulting with the Association's Legal Counsel, to have free and unrestricted access to all Association records and premises.

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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 in progress.

An employee who discovers or suspects fraudulent activity should immediately contact their immediate supervisor, when possible, and/or the General Manager. If considered necessary due to the nature of the issue (meaning the General Manager may be involved), the Board President and/or Vice-President should be contacted directly. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Association's Legal Counsel. No information concerning the status of an investigation will be given to anyone without a legitimate need to know. The proper response to any inquiries should be "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 advised 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 Association's Legal Counsel or the General Manager.

Discipline

Employees whose actions are considered to be fraudulent, as defined by this policy, will be subject to disciplinary action up to and including termination.

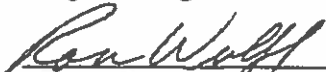
Approval

Any changes, amendments or modifications to the Fraud Policy may only be accomplished at a properly noticed meeting of the Board of Directors, after a full reading of the policy in open session, with reasonable time allowed for property owner comment.

ACCEPTED AND DATED: May 27, 2005



Greg McDougall, President



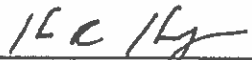
Ron Wulff, Vice President



Hal McLaughlin, Treasurer



Cheryl Genin, Secretary



H.R. Halpin, Director

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