



## FRAUD PREVENTION AND DETECTION POLICY

### LISLE-WOODRIDGE FIRE PROTECTION DISTRICT

1. **Policy:** The purpose of this policy is to minimize the impact of all potential or actual fraudulent or illegal acts at the District; to alert all District employees that there is a mechanism by which such activities can be reported and investigated; and to ensure the fair, objective and thorough investigation and reporting of all such activities while safeguarding individual rights and maintaining confidentiality in accordance with applicable law.
2. **Scope:** This policy relates to all potential or actual fraudulent and other illegal activities:  
(a) within the District involving its employees in the conduct of their employment responsibilities, which includes, but is not limited to theft, malfeasance, abuse of power or authority, kickbacks and embezzlement; (b) that involve the loss, misappropriation, theft or unauthorized use of any assets belonging to the District or for which the District is responsible, including, but not limited to cash, checks, securities, property and equipment, information and other data.

This policy does not relate to such activities involving any individual, group, organization, government or other entity which is not a part of the District, unless such activity may have involved an employee of the District in the conduct of his or her employment responsibilities, or unless such activity involved the loss, embezzlement, misappropriation, theft or unauthorized use of any assets belonging to the District or for which the District is responsible.

3. **Objectives:** The primary objectives of this policy shall be to establish and monitor all aspects of the District's fraud prevention and detection program. The program should consider the vulnerability of the District to fraudulent activity (fraudulent financial reporting, misappropriation of assets, and corruption) and whether any of those exposures could result in a material misstatement of the financial statements or material loss to the District.
4. **Delegation of Authority:** The District's fraud prevention and detection program is the responsibility of the District's Board of Trustees, Fire Chief/Administrator and Finance Director. This policy should not be perceived as a substitute for management's responsibility to be alert to and to deter fraud or other illegal acts in its daily activities.
  - 4.1. *Fraud Prevention and Detection Procedures:* The Finance Director shall establish written procedures consistent with this policy. The procedures should include reference to: the process that will be followed for reporting and investigating any known, alleged or suspected fraud.
5. **Duties and Responsibilities:**
  - 5.1. Fire Chief: Charged with responsibility for implementation of and conformance to the policies and procedures approved by the Board of Trustees for fraud prevention and detection. This includes the designation as the management officer and providing direction for the fraud risk assessment program.
  - 5.2. Finance Director: Charged with responsibility of implementing a fraud risk assessment program for all financial areas under the control of the District, and for reviewing and implementing the internal controls of the District in accordance with the applicable laws, ordinances and policies adopted by the District.
  - 5.3. Board of Trustees: Charged with oversight responsibility. The Board shall also approve any changes to the Fraud Prevention and Detection Policy at a public meeting.
  - 5.4. Auditor: Charged with verifying the internal controls of the District in all material respects in relation to the basic financial statements of the District during the annual audit.
6. **Internal Controls:** The Finance Director shall develop policies and procedures in order to assure that appropriate controls are in place to control fraud risk. The internal controls shall be reviewed by the Board of Trustees and the District's external auditor in conjunction with the annual examination of the District's financial statements.
7. **Fraud Prevention and Detection Policy Adoption/Amendment:** The District's fraud prevention and detection policy shall be adopted by resolution of the Board of Trustees. The Board of Trustees shall review the policy periodically and approve any modifications made.