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**POLICY TITLE:     Accounts Receivable Policy**  
**POLICY NUMBER: 2100**

2100.1 It is the policy of the District that accounts receivable be reviewed monthly, as it is critical to the cash flow of the District and requires continued follow-up and attention.

2100.2 Procedures: See Administrative Policy 7000 – Residential Service and 2165 Discontinuation of Service for Nonpayment.

- a) The accounts receivable balances are reviewed monthly by Clerks I and II, along with assigned staff.
- b) Credit memos are limited to control of the Clerk II, after consulting with the District Manager or designee.
- c) At month-end closing, an accounts receivable schedule is prepared, reviewed, and reconciled to the General Ledger. The trial balance report is compared to the General Ledger for accuracy.
- d) An appropriate allowance for bad debt is carried on the Balance Sheet. Every attempt is made for collection. On occasion, (such as, every five years) it is determined if there are uncollectible items and, if so, those are written off by the Clerk II, upon approval by the District Manager or designee. Any amount over the approved allowance for bad debt must be approved by the Board of Directors prior to write off.



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**POLICY TITLE: Asset Protection and Fraud in the Workplace**  
**POLICY NUMBER: 2105**

2105.1 Purpose and Scope: To establish a policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

2105.2 The Burney Water District is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the Burney Water District to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the Burney Water District and, when appropriate, to pursue available legal remedies.

2105.3 Definitions:

- a) Fraud – Fraud and other similar irregularities include, but are not limited to:
- 1) Claim for reimbursement of expenses that are not job-related or authorized by District policy;
  - 2) Forgery, falsification, or unauthorized alteration of documents or records (including but not limited to checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.);
  - 3) Misappropriation of District assets (including but not limited to funds, securities, supplies, furniture, equipment, etc.);
  - 4) Inappropriate use of District resources (including but not limited to labor, time, and materials);
  - 5) Improprieties in the handling or reporting of money or financial transactions;
  - 6) Authorizing or receiving payment for goods not received or services not performed;
  - 7) Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned or –licensed software;
  - 8) Misrepresentation of information;
  - 9) Theft of equipment or other goods;
  - 10) Any apparent violation of federal, state, or local laws related to dishonest activities or fraud;
  - 11) Seeking or accepting anything of material value from those doing business with the District including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the District's Conflict of Interest Code which incorporates the Fair Political Practices Commission's regulations;
  - 12) Any other conduct, actions or activities treated as fraud or misappropriation under any federal or state law, rule or regulation.



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- b) Employee – In this context, “employee” refers to any individual or group of individuals who receive compensation, either full- or part-time, including members of the Board of Directors, from the Burney Water District. The term also includes any volunteer who provides services to the Burney Water District through an authorized arrangement with the District or a District organization.
  - c) Management – In this context, “management” refers to any manager, supervisor, or other individual who manages or supervises District’s resources or assets.
  - d) Internal Audit Committee – In this context, if the claim of fraud involves anyone other than the District’s District Manager, the Internal Audit Committee shall consist of the District Manager, the District’s Legal Counsel and any other persons appointed to the Internal Audit Committee by the District Manager. If the claim of fraud involves the District’s District Manager, the Internal Audit Committee shall consist of the President of the Board of Directors of the District, the District’s Legal Counsel and those persons appointed to the Internal Audit Committee by the President of the Board. Nothing contained in this policy shall be construed as requiring the District Manager or the President of the Board to appoint other persons to the Internal Audit Committee. Individuals appointed to the Internal Audit Committee by the District Manager or the President of the Board other than the District’s Legal Counsel shall serve at the pleasure of the District Manager or the President of the Board.
  - e) External Auditor – In this context, “External Auditor” refers to independent audit professionals appointed by the District’s Board of Directors to perform annual audits of the District’s financial statements.

2105.4 It is the District's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the District of any party who might be or become involved in or become the subject of such investigation. An employee being investigated for fraud may request representation by a representative of any recognized bargaining unit that represents the employee.

2105.5 Each department of the District is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance of the prevention and detection of fraud, misappropriations, and other irregularities. Management staff should be familiar with the types of improprieties that might occur within their areas of responsibility and be alert for any indications of such conduct.

2105.6 For claims of fraud not involving the District Manager, the District Manager or an Internal Audit Committee appointed by the District Manager shall have primary responsibility for investigation of activity covered by this policy. For claims of fraud involving the District Manager, the President of the Board or an Internal Audit Committee appointed by the President shall have primary responsibility for investigation of activity covered by this policy. The District’s General Counsel shall advise the Committee, the District Manager and/or the Board President on all such investigations.



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2105.7 Throughout the investigation, the Internal Audit Committee will inform the District Manager of pertinent investigative findings if the District Manager is not involved in the claims of fraud.

2105.8 An employee will be granted whistle-blower protection when acting in accordance with this policy so long as he or she has not engaged in activity that violates this policy. When informed of a suspected impropriety by an employee not engaged in activity that violates this policy, neither the District nor any person acting on its behalf shall:

- a) Dismiss or threaten to dismiss an employee providing the information,
- b) Discipline, suspend, or threaten to discipline or suspend such an employee,
- c) Impose any penalty upon such an employee, or
- d) Intimidate or coerce such an employee.

Violations of this whistle-blower protection policy will result in discipline up to and including termination.

2105.9 Upon conclusion of an investigation, the results will be reported to the District Manager or, if the investigation involves the District Manager, the Board President, either of whom shall advise the Board of Directors.

2105.10 Following review of investigation results, the District Manager or the Board, as the case may be, will take appropriate action regarding employee misconduct. Disciplinary action can include employment discipline up to and including termination, referral for criminal prosecution, or both.

2105.11 The District Manager or the General Counsel will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of District losses from the offender, other responsible parties, insurers, or other appropriate sources unless the Board should otherwise direct in consultation with General Counsel.

2105.12 Procedures:

2105.12.1 Board of Directors Responsibilities

- a) If a Board Member has reason to suspect a fraud has occurred, he or she shall immediately contact the District Manager, or the Board President if the activity involves the District Manager, and the District's Legal Counsel.
- b) The Board Member shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the District Manager or Board President, as the case may be, and the District's Legal Counsel.
- c) The alleged fraud or audit investigation shall not be discussed with the media by any person other than the District Manager or the Board President after consultation with the District's Legal Counsel and any Internal Audit Committee appointed for the matter.



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### 2105.12.2 Management Responsibilities

- a) Management staff are responsible for being alert to, and for reporting, fraudulent or related dishonest activities in their areas of responsibility.
- b) Each manager should be familiar with the types of improprieties that might occur in his or her area of responsibility and be alert for any indication that improper activity, misappropriation, or dishonest activity did occur or is occurring.
- c) When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
- d) If a manager determines a suspected activity may involve fraud or related dishonest activity, he or she should contact his or her immediate supervisor or the District Manager. If the activity involves the District Manager, it shall be reported to the Board President or the District's Legal Counsel.
- e) Managers should not attempt to conduct individual investigations, interviews, or interrogations other than as directed by the District Manager or General Counsel. However, management staff are responsible for taking appropriate corrective actions to implement adequate controls to prevent recurrence of improper actions.
- f) Management staff must support the District's responsibilities and cooperate fully with the Internal Audit Committee, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
- g) Management staff must give full and unrestricted access to all necessary records and personnel to those responsible for identifying, investigating and remedying fraud and related dishonest acts. All District assets, including furniture, desks, and computers, are open to inspection at any time. No District officer, agent or employee has a reasonable expectation of privacy in District property and other resources to preclude such inspection.
- h) In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management staff should avoid the following:
  - 1) Incorrect accusations;
  - 2) Alerting suspected individuals that an investigation is underway;
  - 3) Treating employees unfairly; and
  - 4) Making statements that could lead to claims of false accusations or other offenses.
- i) In handling dishonest or fraudulent activities, managers shall:
  - 1) Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the misappropriation", etc;
  - 2) Avoid discussing the case, facts, suspicions, or allegations with anyone outside the District, unless specifically directed to do so by the District Manager or the Board President; and
  - 3) Avoid discussing the case with anyone inside the District other than employees who have a need to know such as the District Manager, Internal Audit Committee, or the District's Legal Counsel.



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- 4) Direct all inquiries from the suspected individual, or his or her representative, to the District Manager, the Board President, or the District's Legal Counsel. All inquiries by attorneys representing a suspected individual should be directed to the District Manager or the District's Legal Counsel. All inquiries from the media should be directed to the District Manager or the Board President, if the activity involves the District Manager.
  - 5) Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the District Manager or Board of Directors and Legal Counsel, in conformance with District policy and applicable law.

#### 2105.12.3 Employee Responsibilities

- a) A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the District Manager.
- b) When an employee believes his or her supervisor may be involved in inappropriate activity, the employee shall make the report to the next higher level of management and/or the District Manager. If the activity involves the District Manager, it shall be reported to the Board President or the District's Legal Counsel.
- c) A reporting employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the District Manager, Internal Audit Committee, the District's Legal Counsel, or law enforcement personnel.

#### 2105.12.4 Internal Audit Committee Responsibilities

- a) Upon assignment by the District Manager or the Board President, an Internal Audit Committee will promptly investigate the allegations.
- b) In all circumstances when there is reason to suspect a criminal fraud has occurred, the Internal Audit Committee, in consultation with the District Manager or the Board President and Legal Counsel, if the District Manager is suspected of involvement in the fraud, will contact the appropriate law enforcement agency.
- c) The Internal Audit Committee shall be available and receptive to relevant, confidential information to the extent allowed by law after consultation with the District's Legal Counsel.
- d) If evidence is uncovered showing possible dishonest or fraudulent activities, the Internal Audit Committee will:
  - 1) Discuss the findings with management and the District Manager, to the extent management and/or the District Manager is not involved in the activities;
  - 2) Advise management, if the case involves District staff members, to meet with the employee(s) and his/her designated representative, if applicable, to determine if disciplinary action should be taken;
  - 3) Report to the External Auditor such activities to assess the effect of the illegal activity on the District's financial statements;



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- 4) Coordinate with the District's risk manager regarding notification to insurers and filing of insurance claims;
  - 5) Take immediate action, after consultation with the Legal Counsel, to prevent the theft, alteration, or destruction of evidence. Such action shall include, but is not limited to:
    - a) Removing relevant records and placing them in a secure location, or limiting access to those records
    - b) Preventing the individual suspected of committing the fraud from having access to the records.
  - 6) In consultation with the District Legal Counsel and the local law enforcement agency, the Internal Audit Committee may disclose particulars of the investigation to potential witnesses if such disclosure would further the investigation.
  - 7) If the Internal Audit Committee is contacted by the media regarding an alleged fraud or audit investigation, the Internal Audit Committee will refer the media to the District Manager or Board President, if the activity involves the District Manager.
  - 8) At the conclusion of the investigation, the Internal Audit Committee will document the results in a confidential memorandum report to the District Manager or the Board President for action. If the report concludes that the allegations are founded and the District's Legal Counsel has determined that a crime has occurred, the report will be forwarded to the appropriate law enforcement agency.
  - 9) The Internal Audit Committee shall make recommendations to the appropriate department as to the prevention of future similar occurrences.
  - 10) Upon completion of the investigation, including all legal and personnel actions; all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Audit Committee to that department.

#### 2105.13 Exceptions

There will be no exceptions to this policy unless provided and approved in writing by the District Manager, or the Board President, with consent from the District Legal Counsel. The Board of Directors reserves the right to amend, delete, or revise this policy at any time by formal action of the Board of Directors.



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**POLICY TITLE: Budget Preparation**  
**POLICY NUMBER: 2110**

2110.1 An annual budget proposal shall be prepared by the District Manager, or other responsible managing employee.

2110.2 Before review by the Board of Directors, the Board's Finance Committee shall meet with the District Manager, or other responsible managing employee to review the annual budget proposal.

2110.3 The proposed annual budget as reviewed and amended by the Finance Committee shall be reviewed by the Board at its regular meeting in May.

2110.4 The proposed annual budget as amended by the Board during its review shall be adopted at its regular meeting in June.





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**POLICY TITLE: Credit Card Use**  
**POLICY NUMBER: 2115**

2115.1 Purpose: The purpose of this policy is to prescribe the internal controls for management of District credit cards.

2115.2 Scope: This policy applies to all individuals who are authorized to use District credit cards and/or who are responsible for managing credit card accounts and/or paying credit card bills.

2115.3 Implementation: ~~A credit cards shall be issued not be issued to any particular staff, they shall be checked out and checked back in when transactions are complete. to the General Manager and [position title].~~ Credit cards shall not be issued or used by members of the Board of Directors. Directors will use their personal credit cards for lawful expenses of the District and seek reimbursement on a form provided by the District for that purpose.

- a) All credit card bills shall be paid timely to avoid late fees and finance charges. The District shall not reimburse for late fees and finance charges.
- b) All credit card expenses shall be reasonable and necessary to the furtherance of District business. No personal expenses shall be charged on a District credit card. If a transaction involves both personal and District business, the employee shall pay for the transaction personally and request reimbursement by the District of the appropriate portion of the expense.
- c) All credit card transactions shall have third-party documents (receipts) attached and the District purpose annotated by the cardholder.
- d) The ~~[position title] Clerk II~~ shall review and ~~approve~~ verify credit card transactions by the ~~General District Staff Manager~~. ~~The General Manager shall review and approve credit card transactions by the [position title].~~
- e) All records of the District involving credit card use, including receipts, invoices, and requests for reimbursement are disclosable public records to be maintained consistently with the District's records management policy.



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**POLICY TITLE: Employment of Outside Contractors and Consultants**  
**POLICY NUMBER: 2120**

2120.1 The District employs outside contractors or consultants for construction, engineering, planning, and environmental review projects, auditing, and other purposes approved by the Board of Directors. The District's procedure is as follows:

- a) Construction projects will be advertised for bid in at least one local newspaper of general circulation and the local contractors bidding news if available. The bid opening is open to the public and will be specified in the bid documents.
- b) If public bidding requirements apply under State law or the terms of any grant contract, those requirements shall be complied with to the exclusion of the previous paragraph.

2120.2 Consultants will be approved by the Board of Directors on the recommendation of the General District Manager. The General District Manager and/or Board of Directors will make their decision based on the consultant's experience and qualifications. The consultant will also be required to provide an explanation of scope of work, hours to complete, and applicable cost estimate for their services that will be used in their evaluation in the selection process. Consultants for engineering, architectural, and other professional services shall be evaluated based upon qualification and not on cost of services per state law.

2120.3 Every person involved in the solicitation, selection, and approval of consultants shall comply with applicable conflicts of interest laws, including Government Code section 1090, the Political Reform Act of 1974, and the District's conflict of interests code.