

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MAY 23, 2018

REGULAR MEETING

TO: Shiva Frentzen, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

**AGENDA ITEM 4C: CONSIDER AND APPROVE FOUR NEW ANTI-FRAUD
POLICIES**

RECOMMENDATION

Staff recommends that the Commission consider and approve four new anti-fraud policies created as a result of the discussion during the March meeting. These policies relate to:

1. How allegations of fraud will be investigated, including the instances when it centers around the Executive Officer;
2. The institutionalization of a prohibition on the use of debit cards and auto-signatures;
3. The process of who may enter new vendors into the accounts payable system; and
4. The prevention of the Executive Officer from reconciling the agency's accounts payable system with the bank statement (aka "balancing the checkbook").

REASON FOR RECOMMENDED ACTION

These policy suggestions were made by Commissioners to strengthen its anti-fraud policies. LAFCO Counsel and the Commission's auditors at Richardson and Company had an opportunity to review and comment on these. Any suggestions they had were already incorporated into them.

BACKGROUND

The draft policies in Attachments A-C are self-explanatory. They are consistent with the direction and suggestions given at the March meeting. These generally fell into four categories; however, staff took the opportunity to review all policies and made changes were necessary to update or strengthen the policies in a manner consistent with the Commission's direction. Additions to the policies are shown in **bold, underline italics** and deletions are shown in ~~strikethrough~~ font.

Changes to Policy 2.6

The only change here was to authorize CalTRUST as another investment vehicle for the Commission.

Changes to Policy 2.7

This section contains the most changes. Among others, the new language.

- Prohibits the acquisition of a debit card and the use of signature stamps/auto-pens for check signing;
- Codified that it is this agency's practice to separate the financial duties among staff and other authorized personnel to strengthen its internal controls;
- Provided more examples of what constitutes fraud; adds more robust whistleblower protection measures; further outlines the manner in which allegations of fraud are investigated and who will conduct said investigations.

Changes to Policy 2.9

Prohibits the Executive Officer from being the person who enters new vendors into the agency's accounts payable system.

Attachments

Attachment A: Commission's Policies and Guidelines Section 2.6

Attachment B: Commission's Policies and Guidelines Section 2.7

Attachment C: Commission's Policies and Guidelines Section 2.9