DEPARTMENT OF NATURAL RESOURCES

Administrative Policy No: 21

Effective Date: **OCTOBER 20, 2014**

Subject: **ANTI-FRAUD AND FRAUD REPORTING**

Authorization: **STEPHEN CHUSTZ, SECRETARY**

I. POLICY

The Department of Natural Resources (DNR) is committed to preventing, deterring, detecting and aggressively addressing, through disciplinary and legal processes, fraud, corruption, waste and abuse. Doing so requires that DNR develop and maintain an anti-fraud culture throughout the department and implement internal controls that aid in the prevention and detection of fraudulent activity. To accomplish this, DNR will:

- Review systems, processes and procedures to prevent the occurrence of fraud
- Encourage employees, contractors, vendors and stakeholders to report suspected fraudulent activity
- Promptly and thoroughly internally investigate all allegations of suspected fraud
- Modify existing or implement new procedures to protect against a recurrence of fraudulent activity
- Impose disciplinary action for fraudulent activity by employees
- Initiate legal action to recover losses caused by fraudulent activity
- Document and report suspected fraudulent activity to external regulatory authorities as required by law

II. PURPOSE

This policy serves to reinforce DNR's objective of maintaining a fair, impartial, honest and ethical business environment, and sets forth a procedure for reporting and addressing suspected fraudulent activity.

III. APPLICABILITY

This policy applies to all employees of DNR and is equally applicable to DNR's contractors, vendors and stakeholders, each of whom are encouraged and

indeed, required to report suspected fraudulent activity, corruption, waste and abuse.

IV. DEFINITION

La. C.C. art. 1953 defines fraud as a misrepresentation or suppression of the truth made with the intention either to obtain an unjust advantage for one party or to cause a loss or inconvenience to the other. Fraud may also result from silence or inaction.

Actual fraud usually involves dishonesty of purpose or intent to deceive whereas constructive fraud is the breach of some legal or equitable duty which, irrespective of moral guilt, the law declares fraudulent because of its tendency to deceive others, violate confidence or injure public interest.

V. PROHIBITED ACTIVITIES

DNR prohibits acts of misconduct and dishonesty by its employees, contractors, vendors and stakeholders. Prohibited activities include, but are not limited to:

- Violations of the Code of Governmental Ethics
- Misappropriation of funds, supplies, equipment or other assets
- False time entries and claiming wages for hours not actually worked
- Destruction or unauthorized use of records, supplies, equipment or other assets
- Deceit or other impropriety in the handling or reporting of funds or other financial transactions
- Purposeful misstatements in department records, including the intentional misrepresentation of the results of operations
- Profiteering as a result of insider knowledge of department activities
- Unauthorized disclosure of privileged, confidential or proprietary information
- Accepting or soliciting any thing of value from contractors, vendors or other prohibited sources

VI. REPORTING PROCEDURE

Every DNR employee, supervisor and manager has the duty and is responsible for promptly reporting, upon detection, suspected fraud, corruption, waste and abuse. Such reporting may be verbal or in writing to the DNR Internal Auditor (225-342-2583) or Human Resources Director (225-342-2134) who shall be responsible, in collaboration with the General Counsel, for investigating the suspected fraudulent activity and reporting findings and recommendations to the Secretary.

Suspected fraud also may be reported directly to the Louisiana Legislative Auditor Hotline via:

- Toll Free Call: 1-844-50-FRAUD (1-844-503-7283)
- Fax: 1-844-40-FRAUD (1-844-403-7283)
- U.S. Mail: LLA Hotline
  Post Office Box 94397
  Baton Rouge, Louisiana 70804
- Website: LLA Fraud hotline can be accessed through DNR's website (http://dnr.la.gov) or the Louisiana Legislative Auditor's website (http://www.lla.la.gov/hotline).

Additionally, pursuant to La. R.S. 24:523, an appointing authority who has actual knowledge of or reasonable cause to believe that fraud has occurred or that there has been a misappropriation of public funds or department assets shall immediately notify, in writing, the Louisiana Legislative Auditor and the East Baton Rouge Parish District Attorney of such fraud or misappropriation.

VII. INVESTIGATION OF SUSPECTED FRAUD AND RESOLUTION

Care will be taken in the investigation of suspected fraudulent activity to avoid mistaken accusations or alerting suspected individuals that an investigation is underway. The reporting individual is not to contact the suspected individual, conduct an investigation to determine or confirm facts, nor discuss or disclose the suspicion, facts or allegations with anyone unless specifically directed to do so by the appropriate authority.

The DNR Internal Auditor will perform a thorough investigation and, if the findings substantiate the occurrence of fraudulent activity, issue a report to DNR management and appropriate authorities as required by law. In conducting the investigation, the DNR Internal Auditor also will review related processes and procedures and, as appropriate, provide recommendations to prevent similar occurrences.

Any employee found, after appropriate investigation, to have engaged in fraudulent activity will be appropriately disciplined in accordance with the Civil Service Rules. The decision to terminate will be made by the employee's appointing authority in consultation with the Human Resources Director.

If the investigation determines that a failure in supervision has occurred, DNR likewise will impose disciplinary action, as appropriate, against the supervisor and/or manager in accordance with the Civil Service Rules.

VIII. NON-RETALIATION

Any employee or other reporting individual making a good faith report of suspected fraud, corruption, waste or abuse will be protected from retaliation, reprisal and harassment. Likewise, any employee providing information or otherwise participating in the investigation of suspected fraudulent activity will be protected from retaliation, reprisal and harassment.

IX. QUESTIONS

Questions regarding this policy should be addressed to DNR's Internal Auditor or Human Resources Director.

Stephen Chustz, Secretary

10/20/14

Date