

<i>FRAUD IN THE WORKPLACE</i>	PROCEDURE	
	Document Number:	FR-FA-PR-1000
	Version Number:	01

1.0 Purpose:

The purpose of this procedure is to facilitate the discovery of acts that are considered to be fraudulent, prohibit their occurrence, and describe the steps to be taken when fraud is suspected.

2.0 Scope:

This procedure applies to all employees of VTA as well as all consultants/contractors who do business with VTA.

3.0 Responsibilities:

The responsibilities of Board of Directors (BOD), VTA Management, General Counsel, and Employees are delineated herein.

3.1 Board of Directors:

- 3.1.1 If any member of BOD has reason to suspect that a fraud has occurred, he or she shall immediately contact General Manager or General Counsel as appropriate.
- 3.1.2 The alleged fraud and/or the resulting investigation shall not be discussed with the media by any person other than through the General Manager in consultation with General Counsel.

3.2 Management:

- 3.2.1 Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct, should be resolved by departmental management and Employee Relations of Human Resources rather than through the Fraud in the Workplace Procedure. If there is any question as to whether an action constitutes fraud, contact Employee Relations for guidance.
- 3.2.2 Management is responsible for being alert to and reporting fraudulent activities in their areas of responsibility.
- 3.2.3 Each manager should be familiar with the types of fraudulent activities as defined in Section 5 of the Fraud in the Workplace Policy that might occur in his or her area and be alert for any indication that such activity is or was in existence in his or her area.

<i>FRAUD IN THE WORKPLACE</i>	PROCEDURE	
	Document Number:	FR-FA-PR-1000
	Version Number:	01

- 3.2.4 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 warranting further investigation .
- 3.2.5 If management determines a suspected activity may involve fraud, they should contact their immediate supervisor.
- 3.2.6 Division Chiefs, upon knowledge of any suspected fraudulent activity shall immediately inform the General Manager as appropriate.
- 3.2.7 VTA management shall support VTA's responsibilities with respect to the Fraud Policy and cooperate fully with General Counsel, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
- 3.2.8 In dealing with suspected fraudulent activities, due care must be taken. Therefore, VTA management shall at minimum:
- Not alert suspected individuals that an investigation is underway, unless directed by General Manager, General Counsel or their designee.
 - Treat employees fairly.
 - Not make statements that could prejudice an investigation or lead to claims of false accusations or other offenses.
 - Avoid discussing the case with anyone inside VTA other than employees who have a need to know such as General Manager, General Counsel, Protective Services or law enforcement personnel.
 - Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the Employee Relations Manager, in conformance with the VTA's Personnel Policies and collective bargaining agreements.

3.3 **Employee:**

- 3.3.1 A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee's supervisor for reporting to the proper management official(s).

<i>FRAUD IN THE WORKPLACE</i>	PROCEDURE	
	Document Number:	FR-FA-PR-1000
	Version Number:	01

3.3.2 When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management and/or the Division Chief or General Manager or General Counsel.

3.3.3 The reporting employee(s) shall refrain from any investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless directed by the General Manager, General Counsel, respective Division Chief, Protective Services or law enforcement personnel.

3.4 **General Counsel:**

3.4.1 Upon assignment by the BOD or the General Manager, General Counsel, in conjunction with Protective Services, shall promptly investigate suspected fraud of a serious nature.

3.4.2 General Counsel may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

3.4.3 If General Counsel is contacted by the media regarding an alleged fraud or investigation, he/she shall consult with the General Manager and the Chief of External Affairs before responding to a media request for information or interview.

3.4.4 At the conclusion of the investigation, General Counsel shall document the results in a confidential memorandum report to the General Manager. If the report concludes that the allegations have merit, the report shall be forwarded to the appropriate law enforcement agency for appropriate disposition.

3.4.5 Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the investigation. Where notice is given, the person against whom allegations are being made may submit a written explanation to General Counsel no later than seven calendar days after notice is received.

3.4.6 General Counsel may make recommendations to the appropriate department for the prevention of future similar occurrences. Such recommendations, with the approval of the General Manager, shall be implemented by the department.

<i>FRAUD IN THE WORKPLACE</i>	PROCEDURE	
	Document Number:	FR-FA-PR-1000
	Version Number:	01

- 3.4.7 Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation may be returned by General Counsel to that department.

4.0 Procedure:

VTA is committed to protecting its assets against the risk of loss or misuse. Accordingly, the following procedures have been delineated so that no VTA employees, consultants/contractors commit any act of fraud against VTA. VTA shall identify and promptly investigate any suspected fraudulent or illegal activity against VTA and, when appropriate, pursue all legal remedies available under the law as delineated herein.

- 4.1.1 It is the VTA's intent to fully investigate any suspected acts of fraud, misappropriation of resources, or other similar irregularity. An objective and impartial investigation shall be conducted regardless of the position, title, and length of service or relationship with the VTA of any party who might be or become involved in or becomes the subject of such investigation.
- 4.1.2 Each department of VTA is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, illegal activities, misappropriation of resources, and other similar irregularities. The Division Chief and designated management personnel shall be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct. Management shall proactively consult with the Fiscal Resources and/or Employee Services in areas where internal controls or procedures may be improved to minimize the possibility of such conduct.
- 4.1.3 General Counsel, in conjunction with Protective Services, has the primary responsibility for the investigation of all fraudulent activity of a serious nature. No investigation under the policy shall commence unless authorized by the General Manager or his designee.
- 4.1.4 If evidence is uncovered showing possible dishonest or fraudulent activities, General Counsel shall proceed as follows:
- a. Discuss the discovery with appropriate members of management and the Division Chief if necessary.

<i>FRAUD IN THE WORKPLACE</i>	PROCEDURE	
	Document Number:	FR-FA-PR-1000
	Version Number:	01

- b. Advise management, if the case involves employees, to meet with the Employee Relations Manager (or his/her designated representative) to determine if disciplinary actions should be taken.
- c. Report to the Chief Financial Officer such activities in order to assess the impact of the illegal activity on the VTA's financial statements.
- d. Take immediate action, in consultation with Protective Services, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:
 - 1. Removing the records and placing them in a secure location, or limiting access to the location where the records currently exist.
 - 2. Preventing the individual suspected of committing the fraud from having access to the records.
 - 3. Take other appropriate action as necessary.
- 4.1.5 Throughout the investigation, the General Counsel shall inform the General Manager of pertinent investigative findings.
- 4.1.6 Employees are protected under whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither VTA, nor any person acting on behalf of VTA shall engage in the following based on an employee's good faith report or participation in an investigation under this policy:
 - a. Dismiss or threaten to dismiss such employee.
 - b. Discipline, suspend, or threaten to discipline or suspend such employee.
 - c. Impose any penalty upon such employee.
 - d. Intimidate or coerce such employee.
- 4.1.7 Violations of the whistle-blower protection may result in discipline up to and including dismissal.
- 4.1.8 Upon conclusion of the investigation, the results shall be reported to the General Manager or his designee.

Original Date:	Revision Date:	Page 5 of 6
09/22/09	N/A	

FRAUD IN THE WORKPLACE	PROCEDURE	
	Document Number:	FR-FA-PR-1000
	Version Number:	01

4.1.9 The General Manager or his designee, following review of the investigative results, shall take appropriate action regarding employee misconduct. Disciplinary action can include termination, and referral of the case to the District Attorney's Office for possible prosecution.

4.1.10 VTA shall pursue every reasonable effort including court ordered restitution, to obtain recovery of losses from the offender, or other appropriate sources.

5.0 Definitions:

The definition for Fraud and other similar irregularities, Employee, Management and Consultant/Contractor are defined in the Fraud in the Workplace Policy; FR-FA-PL-1000, please see policy for further definitions.

6.0 Records:

Employee Relations will have the responsibility for maintaining any corrective and/or disciplinary actions in conformance with VTA's Personnel Policies.

General Counsel will have the responsibility of maintaining all records, findings, etc. for all investigations.

7.0 Appendices:

N/A

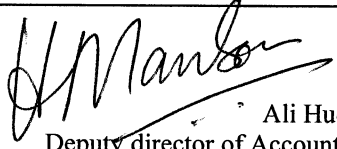
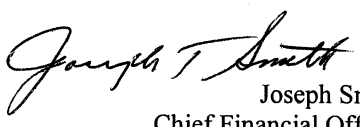

8.0 Training Requirements:

Employee Relations in coordination with the General Counsel will have the responsibility for training VTA staff for compliance with this Procedure.

9.0 Summary of Changes:

Initial release of this Procedure.

10.0 Approval Information:

<i>Prepared by</i>	<i>Reviewed by</i>	<i>Approved by</i>
 Ali Hudda Deputy director of Accounting	 Joseph Smith Chief Financial Officer	 Michael T. Burns General Manager

Original Date:	Revision Date:	
09/22/09	N/A	Page 6 of 6