



## Antifraud Policy

### General Statement

Water.org and its Board, management, employees and volunteers must, at all times, comply with all ethical principles and policies of the organization and all laws and regulations governing the activities of the organization. The Board accepts its responsibility to undertake all appropriate actions to prevent and detect fraud against the organization or that may be perpetrated by anyone associated with the organization.

Management is responsible for establishing the cultural environment, training employees and volunteers, assessing fraud risks, implementing internal controls and monitoring activities designed to prevent and detect misappropriation of organization's assets and intentional material misrepresentation of organization's financial or other data or other actions constituting fraud. It is management's responsibility to communicate this policy to all Board members, employees and volunteers and their responsibility to comply with this policy

### Fundamental Concepts

The Board or Board committees, with the assistance of management when appropriate, is charged with the responsibility for the following:

- Creating, demonstrating and maintaining a culture of honesty and high ethics by setting the “tone at the top”. This includes the Code of Ethics and Conduct (adopted 12/21/05) that expresses “zero tolerance” for unethical behavior and communicating it to all employees and volunteers of the organization. Management should also train employees regularly regarding the organization’s values and code of conduct and document their understanding and compliance therewith at least annually.
- Regularly assessing fraud risks (including management fraud) and related risks that may occur within the organization. This includes establishing and monitoring appropriate policies, procedures and controls designed to mitigate or eliminate the risk of fraud and abuse. The assistance of external consultants may be warranted. A report regarding such fraud risks and actions taken must be made to the Board at least bi-annually.
- Creating, implementing and monitoring a strong system of controls, including continually seeking ways to increase security in the organization’s computer, recordkeeping and payment systems.
- Training employees and volunteers to be alert to warning signs of fraud and unethical behavior and providing a system for reporting such matters. Reporting irregularities by creating a system for employees and volunteers to anonymously report (to the designated Board representative or the Board, if management is involved) illegal or unethical actions they have witnessed or suspect. This system should promote a transparency with the external auditors. WO’s Whistleblower

*Policy, adopted by the Board of Directors on 12/21/05, meets the described system criteria.*

- Conducting regular (at least annually) audits of the organization's financial records including evaluating the organization's antifraud policies and procedures, internal controls systems and other relevant matters. This audit can be done by members of the audit committee, the internal audit staff, external auditors or other qualified consultants. The results of such audits are to be communicated to the Board and other authorized parties.

### Actions Constituting Fraud

Water.org subscribes to a zero tolerance policy for actions constituting fraud. These actions include but are not limited to:

- Theft of cash, securities, merchandise, equipment, supplies or other assets.
- Unauthorized use of organization employees, property, credit cards, cell phones or other resources.
- Submission of personal or fictitious employee expenses for reimbursement or fictitious or inflated vendor invoices or payroll records for payment.
- Receiving kickbacks or other unauthorized personal benefits from vendors or others.
- Forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return or other financial document.
- Intentional material misclassification or misrepresentation of revenues, expenses, costs or other data in financial statements, reports, regulatory returns, applications or other communications.
- Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters.
- Intentional improper use or disclosure of confidential donor, client/customer, employee or organization proprietary information.
- Any other illegal or unethical activity.

The policy applies to fraud or suspected fraud by Board members, employees, volunteers, vendors, contractors, consultants and others doing business with the organization.

### Reporting Responsibilities and Safeguards

It is the responsibility of every director, employee or volunteer to report, preferably in writing, discovered or suspected unethical or fraudulent activity immediately to the Executive Director and the Chairman of the Board.

In accordance with the Whistleblower Policy, no reporting party who in good faith reports such a matter will suffer harassment, retaliation or other adverse consequences. Any director or employee who harasses or retaliates against the party who reported such a matter in good faith is

subject to discipline up to and including termination of employment. Additionally, no director, employee or volunteer will be adversely affected because they refuse to carry out a directive which constitutes fraud or is a violation of state or federal law.

Any allegation that proves to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### Confidentiality

Discovered or suspected matters can be reported anonymously or on a confidential basis. Anonymous allegations will be investigated, but consideration will be given to seriousness of the issue, its credibility and the likelihood of confirming the allegation from other reliable sources. In the case of allegations made on a confidential basis, every effort will be made to keep the identity of the reporting party secret, consistent with the need to conduct an adequate and fair investigation.

Allegations will not be discussed with anyone other than those who have a legitimate need to know. It is important to protect the rights of the persons accused, to avoid damaging their reputation should they be found innocent and to protect the organization from potential liability.

### Investigation Procedures

The Executive Director, Chairman of the Board or their delegate will investigate all allegations on a timely basis. The investigation may include but is not limited to examining, copying and/or removing all or a portion of the contents of files, desks, cabinets and other facilities of the organization without prior knowledge or consent of any individual who may use or have custody of such items or facilities when it is within the scope of the investigation.

The reporting party must not attempt to personally conduct investigations, interviews or interrogations related to the alleged fraudulent activity.

### Resolution Procedures

The results of the investigation will be reported to the Board of Directors. Actions taken against the perpetrator of alleged fraud will be determined by the Board in consultation with legal counsel.

### Summary

The Board of directors and management are responsible for preventing and detecting fraud and abuse within the organization. The Board (or Board committee) and management are also charged with establishing, implementing and monitoring policies and procedures that address the fundamental responsibilities noted above.

*Adopted by the Board of Directors of Water.org effective March 29, 2006.*