



Ethics Policy

Administrative Code under Part 3, Chapter 9, Article 1, Section 1.4

1.4 Administration and Finance Committee

The Administration and Finance Committee is the committee that investigates and/or refers ethics complaints against Directors, officers and employees of the District and addresses compliance issues related to the Code of Conduct or the Conflict of Interest provisions of the Administrative Code.

The Administration and Finance Committee shall be comprised of three District Directors with the authority to recommend action to the Board. The General Manager, Director of Human Resources, Director of Administration and Board Services and District General Counsel will also be in attendance to provide administrative and legal support.

The District encourages good faith reporting of suspected violations of the Code of Conduct or the Conflict of Interest provisions of the Administrative Code. Until the District determines that an actual violation of these Codes has occurred, the alleged violator is presumed to be innocent of the violation. There shall be no adverse consequences suffered by anyone making a good faith report of a suspected violation nor shall there be any adverse consequences suffered by anyone accused of violating these standards and subsequently found not to have violated these Codes.

The District has adopted a two part system to address ethical complaints against Directors, officers and employees of the District, as follows:

- 1) Members of the Board, staff, or members of the public who feel comfortable reporting potential ethical or conflict of interest issues may do so to the Administration and Finance Committee and feel assured that a fair, complete, and appropriate process will be used to determine if a violation has in fact taken place, and if so, that the appropriate disciplinary action will be taken.

Individuals who wish to pursue this process may contact the General Manager's Office or General Counsel. Any suspected or reported potential violations will be agendaized at the next scheduled Administration and Finance Committee meeting. The Administration and Finance Committee may direct General Counsel to conduct an investigation. The Committee shall submit its findings involving Directors, along with any dissent, to the Board of Directors for action.

- 2) Individuals who wish to remain anonymous, who either require anonymity because of fear of retaliation, or simply lack trust in the ability of the District to execute an impartial process may report potential ethical or conflict of interest issues to the independent hotline.



Complaints received through the hotline will be directed to General Counsel who shall: 1) determine if the nature of the complaint is such that it can be sent to the Administration and Finance Committee; or 2) the complaint requires investigation by General Counsel. Upon completion of the investigation, General Counsel may refer the issue to the Administration and Finance Committee or the Board, the Board President, the General Manager, the Fair Political Practices Commission, the District Attorney's office or the U.S. Attorney's Office, as appropriate. If General Counsel refers the issue to the Administration and Finance Committee, the Committee shall submit its findings involving Directors, along with any dissent, to the Board of Directors for action.

Any ethics violation alleged to have occurred on the part of the General Manager may be reported to General Counsel or the hotline. Any ethics violation alleged to have occurred on the part of General Counsel may be reported to the General Manager or the Board President. If a member of the Administration and Finance Committee is a subject of the charge or allegation, he/she shall excuse himself/herself from discussing or participating in the matter. Violations of the Administrative Code, including its Conflict of Interest provisions, by officers or employees will be handled through existing disciplinary procedures for employees.

A Director who is subject to a finding of violation or non-compliance with the Code of Conduct shall, at the time the matter is referred to the Administration and Finance Committee or General Counsel, be provided a copy of the material upon which the determination was based and have the opportunity to present any relevant information, data or facts in his or her own defense prior to the final determination.

Any Director who is dissatisfied with the final determination that a violation or non-compliance with the Code of Conduct occurred may appeal to the Board of Directors by providing written Notice to the Administration and Finance Committee or the investigating firm within five (5) business days of the decision.

After investigation, determination and any appeal to the Board, and, with the advice of General Counsel, that substantial evidence exists indicating that a member of the Board is in non-compliance with this Code of Conduct or Administrative Code but not in violation of state law, the matter shall be referred to the Board, with notice to the Board member, with a recommendation for appropriate action, which can include, but is not limited to notification of a finding of non-compliance, issuance of a letter of reprimand, censure, loss of travel privileges, leadership positions, appointments to the Metropolitan Water District or other Boards. In the case that substantial evidence does exist indicating a violation of state or federal law the Board will refer the matter to the District Attorney's Office or the U.S. Attorney's Office for criminal charges, or to the Fair Political Practices Commission, as appropriate.

General Counsel will notify the General Manager of any complaints submitted to the hotline unless the complaints involve the General Manager. The Administration and Finance Committee and General Counsel shall review and summarize all ethics complaints in a quarterly report to the Board of Directors. General Counsel shall maintain copies of all findings, reports and actions concerning complaints.



Administrative Code under Part 3, Chapter 6, Article 10, Section 10.1, 10.2, and 10.3, and Administrative Code Part 3, Chapter 6, Article 11, Sections 11.1 and 11.3

Article 10 – General Whistleblower Protection Policy

10.1 No Retaliation for Reporting of Refusing to Engage in Unlawful Activities

It is the District's policy not to retaliate against employees for reporting information to a government agency (including internal reports to the District) which the employee has reasonable cause to believe discloses a violation of (or noncompliance with) state or federal laws or for refusing to participate in an activity that would result in a violation of state or federal law. It is also the District's policy not to retaliate against employees for having engaged in such activities in any former employment.

It is also the District's policy not to retaliate against an employee because the employee is a family member of a person who has, or is perceived to have, reported information to a government agency (including internal reports to the District) which the family member has reasonable cause to believe discloses a violation of (or noncompliance with) state or federal laws or for refusing to participate in an activity that would result in a violation of state or federal law.

An employee who retaliates against someone in violation of this policy may be subject to discipline up to and including termination of employment. This Whistleblower Protection Policy is intended to encourage and enable employees to raise serious concerns within the District prior to seeking resolution outside the District.

10.2 Reporting Perceived Unlawful Activities (Other Than Harassment, Discrimination, Related Retaliation, or Alleged Accounting and Financial Misconduct)

Employees who believe that there has been a violation of the District's Equal Employment Opportunity, Anti-Harassment and Anti-Retaliation policy should report perceived violations in keeping with the provisions of the policy at issue. Similarly, employees who believe that there has been Accounting and Financial Misconduct should report such misconduct in keeping with the specific provision relating to such misconduct below. In all other cases, an employee who believes that the District is engaging in unlawful activity can report the perceived unlawful activity to the General Manager. If the employee believes that the General Manager has engaged in unlawful activity, then the employee can report the perceived unlawful activity to the Board President, the General Counsel, the Administration and Finance Committee, or the District ethics hotline. If an employee believes that the District's Board President or Administration and Finance Committee members are engaged in perceived unlawful activity, the employee may report the matter to the General Manager, General Counsel or the District ethics hotline. Nothing in this policy prohibits an employee from making disclosures of perceived unlawful activities or reporting a refusal to engage in unlawful activities to any government or law enforcement agency.



In keeping with California Labor Code section 1102.8, the District also posts copies of the poster entitled “Whistleblowers are Protected,” which independently notifies employees of their rights under the California Whistleblower Protection Act. Employees are encouraged to review the Whistleblowers are Protected poster and may also contact Human Resources for additional information.

10.3 Investigations

Reports of perceived unlawful activities (or forced participation in unlawful activities) received by the District will be investigated thoroughly and promptly. The General Manager or his or her designee, will be responsible for the investigation. Matters that are referred to the ethics hotline will be handled by General Counsel. The investigation will be handled in as confidential a manner as possible consistent with a full, fair and proper investigation and resolution, and consistent with any reporting requirements which may apply. The District will not tolerate retaliation against any employee for cooperating in an investigation or for making a complaint as set forth above.

10.4 Resolution of Internal Complaints

The District will investigate all complaints promptly and will take appropriate corrective action if warranted by the investigation.

Article 11 – Rules for Reporting and Investigating Accounting and Financial Misconduct

11.1 Duty to Report Accounting and Financial Misconduct to the District

It is the duty of District directors and employees to report any perceived Accounting and Financial Misconduct by others to the District’s General Manager or General Counsel. A person is not required to report the allegation to anyone who he or she believes is in any way a party to the alleged violation. If an employee believes that the District’s General Manager and General Counsel are each engaged in Accounting and Financial Misconduct, he or she may report the matter to the Board President or the Administration and Finance Committee. If an employee believes that the District’s Board President is engaged in Accounting and Financial Misconduct, the employee may report the matter to the General Manager, the General Counsel, the Administration and Finance Committee or the District’s ethics hotline. For purposes of this policy, Accounting and Financial Misconduct include the following: (1) the misappropriation (including any unauthorized use) of District assets, including District money, equipment, labor, supplies, furniture, and equipment; (2) a claim for reimbursement of expenses which are not job-related or authorized by current policy, contracts, or Memoranda of Understanding (MOUs); (3) falsification of employee time sheets; (4) authorizing or receiving payment for goods not received or services not performed; (5) intentional misrepresentations of information and/or entry of false data on documents (whether in electronic, paper, or in some other format) and/or computer systems; (6) forgery or unauthorized alteration, destruction, or deletion of records (whether in electronic, paper, or in some other format), including checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, and financial records, including unauthorized deletion or destruction of computer records; and (7) violation of the District’s



Conflict of Interest policies regarding the Award or Administration of Contracts. Nothing in this policy prohibits an employee from making disclosures of perceived unlawful activities or reporting a refusal to engage in unlawful activities to any government or law enforcement agency.

This policy will be interpreted consistently with the District's Code of Conduct Policy.

11.2 No Retaliation for Reporting Accounting and Financial Misconduct

It is the District's policy not to retaliate against employees for reporting Accounting and Financial Misconduct to the District and/or to other governmental and law enforcement agencies. An employee who retaliates against someone in violation of this policy may be subject to discipline up to and including termination of employment.

11.3 Investigation of Reported Accounting and Financial Misconduct

Upon receiving a report of alleged Accounting and Financial Misconduct, the person receiving the report shall inform the General Manager, General Counsel or refer the matter to the District's ethics hotline. In order of priority, the General Counsel, the General Manager, or his or her designee shall investigate the alleged misconduct. To the extent that it is necessary to involve the services of technical experts, such as accountants and/or information technology specialists, the investigator is authorized to do so. The investigation will be handled in as confidential a manner as possible consistent with a full, fair and proper investigation and resolution, and consistent with any reporting requirements which may apply. The District will not tolerate retaliation against any employee for cooperating in an investigation or for making a complaint as set forth above.

11.4 Resolution of Internal Complaints

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11.5 Compliance Training

In keeping with the District's efforts to prevent Accounting and Financial Misconduct at all levels of operations and to maintain and ensure internal controls in every department, after March 31, 2013, all existing and new employees will receive accounting and financial misconduct prevention training consistent with this policy as part of their new-employee orientation. Existing employees will receive accounting and financial misconduct prevention training consistent with this policy every two years.

It is also District policy that all District Sr. Managers and those positions deemed necessary shall receive two hours of ethics training within the first six months of commencing their employment and every two years thereafter consistent with the requirements set forth in AB 1234.



Central Basin
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11.6 Departmental Internal Controls

Each department of the District is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of Accounting and Financial Misconduct and other irregularities. Managers should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.