

#### 5.1.4 Reporting of Actual or Suspected Incidents of Fraud, Errors, and Improper Governmental Activities

##### (a) Policy

- (1) California Correctional Health Care Services (CCHCS) shall maintain the highest standards of conduct in the fulfillment of its mission. CCHCS employees entrusted with state resources must, at a minimum, exercise reasonable care for safekeeping.
- (2) Management is required to ensure that state assets are protected, laws and regulations are followed, financial and management information is reliable, and the organization and programs are operating effectively and efficiently.
- (3) The State of California has adopted the Standards for Internal Control in the Federal Government by the Comptroller General of the United States (Green Book) that provides an overall framework for establishing and maintaining effective policies, procedures, and practices for an effective work place environment.
- (4) CCHCS management shall create an effective work environment in their areas of responsibility and have established policies, procedures, and practices to mitigate, prevent, and detect actual or suspected incidents of fraud, misuse/theft of assets, inappropriate contract/procurement activities, employee misconduct, errors in financial reporting, errors that impact the state fund, and other fiscal irregularities.
- (5) Managers shall take appropriate and immediate action following discovery of an incident outlined within this policy to ensure compliance with the State Administrative Manual (SAM), Section 20080, Notification of Fraud or Error, reporting requirements. Managers shall not tolerate or condone these types of activities.

##### (b) Purpose

To ensure that incidents of actual or suspected fraud, misuse/theft, damage, and fiscal irregularities of state assets and funds are reported to the Policy and Risk Management Services, Internal Audit Program (IAP); California State Auditor (CSA); and Department of Finance, Office of State Audits and Evaluations (OSAE), as required by SAM, Section 20080.

##### (c) Applicability

This policy applies to all CCHCS civil service employees.

##### (d) Reportable Incidents

The following examples of potential reportable incidents under this policy include, but are not limited to:

- (1) Illegal or fraudulent acts involving state property, including cash.
- (2) Forgery or alteration of state documents including, but not limited to, checks, timesheets, payroll documents, drafts, purchase orders, invoices.
- (3) Misappropriation of state funds, supplies, or any other state asset.
- (4) Theft, destruction, or disappearance of state records, equipment, or other assets.
- (5) Misrepresentation of information on state documents (e.g., travel reimbursement related documents, purchase orders, or false entries).
- (6) Authorizing or receiving state payment for goods not received or services not performed.
- (7) State financial reporting misrepresentation.
- (8) Fraud in securing an appointment to a state position.
- (9) Tampering with or inappropriate use of information technology, unauthorized disclosure of confidential or proprietary information, personal information or medical information.
- (10) Accepting bribes (e.g., contracting, subcontracting).
- (11) Working on incompatible activities using state resources.
- (12) Errors that are unusual and have a fiscal impact to the state fund.
- (13) Employee misconduct that is not subject to adverse action but may result in an informal discipline, letter of instruction, or counseling memorandum.

##### (e) Filing an Incident

- (1) Headquarters, regional offices, and institution reporting:
  - (A) Upon discovery of an incident, the employee (staff or management) shall document the incident using an [Actual or Suspected Fraud, Errors, and Improper Governmental Activities Report](#) (herein referred to as Report). Supporting documents (e.g., timesheets, forms, relevant emails) provided should support the alleged incident.
  - (B) The Report shall be documented in clear and concise statements that describe how the alleged incident was discovered, a description of the incident, sequence (chronology) of events, internal controls compromised (e.g.,

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any action inconsistent with policy, improper approval), and any statutes, regulations, procedures or rules violated (e.g., Government Code, Penal Code, State Administrative Manual, Department Operations Manuals).

- (C) The employee shall scan and immediately email the Report to the Chief, IAP, at [CCHCSIAP@cder.ca.gov](mailto:CCHCSIAP@cder.ca.gov). The employee shall share the report with the employee's supervisor prior to submission, unless the supervisor is involved in the subject of the report or unless the employee fears retaliation if the employee were to share the report with the supervisor.
- (D) If complete information is not available following discovery of the incident, IAP shall either reject the Report or request additional information.
- (E) IAP shall determine whether this incident is reportable under SAM, Section 20080, and address as appropriate.
- (F) IAP shall reject Reports submitted anonymously.
- (G) IAP shall determine if CSA and OSAE are to be notified of reported incidents. For incidents that require reporting to external agencies, other than CSA and OSAE, IAP shall first review the matter with appropriate management and CCHCS' Office of Legal Affairs.
- (H) Once IAP determines material or substantive information exists to support the incidents and activities alleged, the Chief, IAP, shall follow SAM, Section 20080, procedures to notify and follow up with OSAE and the CSA no later than 30 calendar days following the discovery of the incident.
1. Updated reports are required every 180 days until the incident is resolved.
  2. Incidents are resolved when corrective action is taken or a referral is made to the proper authority (e.g., the Attorney General, California Highway Patrol, outside law enforcement).
- (I) IAP shall notify the reporting employee when the incident is received. IAP shall notify the reporting hiring authority of incidents reported and when incidents are resolved.
- (J) Each reporting employee has an obligation to exercise sound judgment to avoid baseless allegations of incidents. Reporting employees may not be notified on how reported incidents are resolved.
- (2) The following incidents **do not apply** to this policy and will not be reviewed by IAP:
- (A) Incidents that have been first reported to external agencies (e.g., California State Auditor Whistleblower, State Personnel Board, Office of Inspector General, or the Attorney General's Office) unless directed by external agencies.
  - (B) Bargaining Unit (Union) specific grievances and complaints.
  - (C) Complaints regarding harassment and unlawful discrimination.

**(f) Whistleblower Protection Act and Employee Retaliation**

- (1) The California Whistleblower Protection Act authorizes CSA to receive complaints from state employees and members of the public who wish to report an improper governmental act. All employees and members of the public may file a Whistleblower complaint directly with CSA. For instructions on filing a Whistleblower complaint, refer to CSA's website at <http://www.auditor.ca.gov/hotline>.
- (2) Labor Code, Section 1102.5, prohibits an employer from retaliating against an employee who discloses information that would result in a potential violation or noncompliance of statute or regulation to a governmental or law enforcement agency, to a person with authority over the employee, or another employee who has the authority to investigate. The Labor Code also protects employees who refuse to participate in an activity that would result in a potential violation or noncompliance of statute or regulation.

**(g) Training**

All CCHCS civil service employees are required to complete the read and sign training via the online Learning Management System upon hire and annually thereafter.

**References**

- Government Code, Title 2, Division 1, Chapter 6.5, Article 3, California Whistleblower Protection Act, Sections 8547-8547.15
- State Administrative Manual, Section 20060, Internal Control
- State Administrative Manual, Section 20080, Notification of Fraud or Error
- Health Care Department Operations Manual, Administrative Policy, Chapter 5, Article 1, Section 9 Protecting Employees from Retaliation Policy and Procedure

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