

**FILE NUMBER: 2025-058**

**DATE:** Tuesday, February 11, 2025

**SUBJECT: Resolution Amending BPC Policy No. 630, FWA Prevention Policy**

**DESCRIPTION: Adopt Resolution Amending Board of Port Commissioner's Policy No. 630, Fraud, Waste, and Abuse Prevention Policy**

**EXECUTIVE SUMMARY:**

Board of Commissioner Policy No. 630, Fraud Prevention Policy, was initially adopted on July 11, 2006, and last updated on October 12, 2021. While the original policy established a robust framework for addressing fraudulent activities within the District, a more comprehensive approach was deemed necessary to strengthen the policy's scope. This revision aims to expand the policy's reach, explicitly incorporating waste and abuse, areas previously implied but not clearly defined in the earlier versions.

The proposed changes offer a clearer and more detailed framework for preventing fraud and wasteful and abusive practices, ensuring that all such misconduct is explicitly addressed within the District's governance structure.

The Policy Review Committee (PRC) reviewed these updates on November 18, 2024, followed by the Audit Oversight Committee (AOC) on December 12, 2024. The revised policy is now being presented for the Board's approval, continuing to support the District's commitment to integrity, accountability, and transparency.

**RECOMMENDATION:**

Adopt a Resolution amending BPC Policy No. 630, Fraud, Waste, and Abuse Prevention Policy.

**FISCAL IMPACT:**

There is no fiscal impact.

**COMPASS STRATEGIC GOALS:**

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.

**DISCUSSION:**

The BPC Policy No. 630, Fraud Prevention Policy, initially adopted on July 11, 2006, and last updated on October 12, 2021, has undergone significant revision to strengthen its impact and expand its scope. The new Fraud, Waste, and Abuse Prevention Policy not only builds on the original purpose of safeguarding District resources but also provides

greater clarity on the methods and tools for preventing all forms of improper conduct. This revision ensures that the policy leaves no room for ambiguity, offering a more comprehensive and structured approach.

Key updates include:

- **Policy Name Change:** The policy has been renamed from Fraud Prevention Policy to Fraud, Waste, and Abuse Prevention Policy, better reflecting its broader scope.
- **Expanded Scope:** While the original policy was primarily aimed at employees, the revised policy now explicitly applies to non-employees, such as the Board of Port Commissioners, volunteers, consultants, contractors, and any external parties conducting business with the District, ensuring uniform standards across all relationships.
- **Enhanced Definitions:** The revision provides clear definitions of fraud, waste, and abuse, along with relevant examples. This eliminates previous ambiguities, ensuring a thorough understanding of these terms and reinforcing compliance.
- **Improved Reporting Mechanisms:** The updated policy strengthens how individuals can report potential misconduct. It offers detailed guidance for reporting via confidential channels, including Fraud, Waste, and Abuse Hotline, email, and online platforms. Both internal and external stakeholders are encouraged to report using methods they find most comfortable.
- **Bolstered Whistleblower Protections:** While the previous policy addressed retaliation, the revised policy introduces formalized whistleblower protections for employees, ensuring those employees report concerns are safeguarded. It also commits to promptly addressing any claims of retaliation.
- **Clear Investigation Procedures:** The revision outlines the process for conducting investigations into reported issues, ensuring all reports are handled with the utmost confidentiality and transparency. It includes defined roles for the Office of the Port Auditor, Office of the General Counsel, and People Services, formalizing their responsibilities in investigations.
- **Strengthened Oversight and Monitoring:** The updated policy emphasizes ongoing audits, continuous monitoring, and the use of data analytics to proactively identify and address potential issues. This ensures a more preventive approach to safeguarding District resources that align with industry best practices.

By implementing these updates, the District reaffirms its commitment to ethical standards, accountability, and transparency. The revised policy's more comprehensive framework ensures that the District is well-equipped to identify, address, and prevent fraud, waste, and abuse, fostering a culture of integrity and responsible resource management for the future.

### **General Counsel's Comments:**

The Office of the General Counsel has reviewed this agenda sheet and attachments to it and approves the same as to form and legality.

## **Environmental Review:**

The proposed Board action, including without limitation, adopting a resolution amending Board of Port Commissioner's Policy No. 630, Fraud, Waste, and Abuse Prevention Policy, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Section 21 and 35 of the Port Act which allow for the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

## **Diversity, Equity, and Inclusion Program:**

This agenda sheet has no direct DEI impact on District workforce or contract reporting at this time.

## **PREPARED BY:**

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Port Auditor

## **Attachment(s):**

Attachment A: BPC Policy No. 630, Fraud, Waste, and Abuse Prevention Policy – Final  
Attachment B: BPC Policy No. 630, Fraud Prevention Policy – Redlined  
Attachment C: BPC Policy No. 630, Fraud Prevention Policy – Original  
Attachment D: Resolution No. 2025