

**OXNARD UNION HIGH SCHOOL  
DISTRICT RETIREE HEALTH BENEFITS TRUST  
Anti-Fraud Policy**

The Oxnard Union High School District Retiree Health Benefits Trust ("Trust") hereby adopts this Policy to prevent, deter, and detect any fraudulent misappropriation of funds that are held by or due the Trust.

**I. Introduction**

This Policy documents the Trust's commitment to protect the Trust's assets, to emphasize the need for accurate financial reporting and to set guidelines for the investigation and handling of fraud, should it occur. This Policy shall apply to all persons engaged by the Trust, including Trustees, employees and contracted service providers.

**II. Definition of Fraud**

The term "fraud" may include many activities, but this Policy is primarily concerned with financial matters that may damage the Trust, including,

- Misappropriation of Trust assets;
- Intentional misstatement of financial reports;
- Making expenditures and incurring liabilities for improper purposes;
- Unlawfully or inappropriately obtaining revenue and/or assets; and
- Alteration of business records and/or data.

**III. Identification of Fraud Risks**

The Trustees recognize that the possibility for fraud exists in all benefit trusts and plans. It is prudent therefore to implement protective measures in each area of Trust administration and operation in order to diminish the possibility fraud will occur, including:

- Accounting/Recordkeeping:
  - ✓ Segregation of duties
  - ✓ Intentional misposting/misclassification of transactions
- Disbursements to Vendors:
  - ✓ Fraudulent payments to vendors
  - ✓ Payments of incorrect amounts
  - ✓ Payments to false vendors

- Banking - Operating Accounts:
  - ✓ Custody over signature stamps/plates
  - ✓ Custody of check stock
  
- Information Technology:
  - ✓ System application overrides
  - ✓ Inappropriate security levels that will allow users full access to transactions
  - ✓ Lack of use of passwords and lack of controls over passwords.
  
- Financial Statements:
  - ✓ Intentional misrepresentation of estimates
  - ✓ Providing incomplete/inaccurate data to consultants and/or actuaries including date-specific information
  
- Reporting Fraud Within the Organization:
  - ✓ Lack of established policy for protecting whistleblowers

Responsibility for these duties rests primarily with the Trustees, but other entities have an interest and role in preventing fraud, including, independent auditors, consultants, service providers and participants.

#### IV. Role of Trustees in Preventing Fraud

The Trustees recognize that fraud is unlikely to occur where there is a commitment to ethical behavior, oversight of activities taken on behalf of the Trust, and procedures in place to allow individuals to report suspected fraudulent activities. In addition to their assumption of fiduciary duties, the Board of Trustees has taken the following steps:

- Each Trustee is required to affirm his or her

commitment to ethical behavior in Trust dealings;

- The Board has adopted a Conflict of Interest Policy, requiring the Trustees and Trust service providers to act in good faith and in the interest of the Trust;
- The Board has adopted a Whistleblower Policy to affirm its commitment to creating means for individuals to report fraud and other illegal activities without fear of retaliation; and
- The Board has adopted a Document Retention and Destruction Policy to ensure that Trust records are maintained should it be necessary to investigate potentially fraudulent activity.
- The Board has adopted a Cyber Security Policy to prevent outside entities from accessing the Trust's financial accounts and information.

The Trustees will periodically review this Policy and its implementation.

#### **V. Role of Independent Auditor in Preventing Fraud**

In conjunction with the Trust's annual financial audit, the Trust's independent auditor will assess anti-fraud procedures and controls in place at the administrator's office. The administrator will be expected to discuss its role in, and responsibilities for, preventing and detecting fraud and this discussion will be used to assist in identifying particular risk areas and improvements to existing practices and procedures.