

BARREN COUNTY ECONOMIC AUTHORITY

FRAUD POLICY

INTRODUCTION AND SCOPE

This Fraud Policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the Barren County Economic Authority. It is the intent of the Barren County Economic Authority to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. This policy applies to any fraud, or suspected fraud, involving employees, directors, shareholders, consultants, vendors, contractors, and any and all other outside agencies and entities, including their employees, with a business relationship with the Barren County Economic Authority. Any investigative activity required under this policy will be conducted without regard to the suspected wrongdoer's length of service, position, title, or relationship to the Barren County Economic Authority.

POLICY

Management is responsible for the protection and prevention of fraud, misappropriations, and other inappropriate conduct. However, directors and employees are bound by this policy and charged to be vigilant in the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act or allowing another to continue to act upon it to his or her injury. Each member of the management team will be familiar with the type of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the Barren County Economic Authority
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Inappropriately disclosing to other persons financial activities by or contemplated by the Barren County Economic Authority
- Accepting anything of material value from contractors, vendors, or other persons or entities providing services or material to the Barren County Economic Authority or seeking to do so, except for gifts up to \$100 in value

- Destruction, removal, or inappropriate use of records or property of the Barren County Economic Authority
- Any similar or related inappropriate conduct

REPORTING AND INVESTIGATION

Any person detecting fraud or suspecting fraud or any violation of this policy must report that information immediately. Recognizing that the particular circumstances of the detected or suspected fraud could involve any officer, employee, or director of the Barren County Economic Authority and recognizing that such circumstances could affect a decision about to whom the activity should be reported, fraud and/or suspected fraud or violations of this policy should be reported to:

- The chairman of the board of the Barren County Economic Authority, but if not to that person, then to
- Any other board member of the Barren County Economic Authority, but if not, then to
- Counsel for the Barren County Economic Authority.

The person to whom such report is made shall hold the report in strictest confidence to the fullest extent necessary, provided, however, that such person shall be under a duty to investigate the facts of the reported situation and shall seek assistance in such investigation from at least two other persons from the following group: chairman of the board, the director, board counsel, or any other board member. The results of the investigation shall be reported to the board of directors.

CONFIDENTIALITY AND INVESTIGATION PROCEDURES

Any person making a report under this policy shall hold such information in strictest confidence and report it to no other person other than as provided in this policy. No one should attempt to personally conduct any investigation, interview, or interrogation. Investigation results will not be disclosed or discussed with anyone other than those with a legitimate need to know. Every effort will be taken to avoid damaging the reputation of persons suspected of fraud since such person may subsequently be found to have not engaged in fraud. Any person asked about an allegation or an investigation by anyone other than a person with a legitimate need for the information shall reply that he/she is not at liberty to discuss the matter at all. Under no circumstances should any reference be made to an "allegation" or "crime" or "forgery" or "fraud" or any such other specific reference.

This fraud policy was approved by the Board of Directors of the Barren County Economic Authority at the _____, 2020 Board Meeting.