

From: [Sara Schmitz](#)
To: [Herron, Susan](#)
Subject: Fwd: Support for Continuation of the Whistleblower Policy and the Audit Committee
Date: Monday, August 16, 2021 7:26:40 PM

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From: Diane Heirshberg <dbheirshberg@gmail.com>
Sent: Monday, August 16, 2021 1:31:04 PM
To: Tim Callicrate <tim2tahoe@msn.com>; dent_trustee@ivgid.org <dent_trustee@ivgid.org>; tonking_trustee@ivgid.org <tonking_trustee@ivgid.org>; schmitz_trustee@ivgid.org <schmitz_trustee@ivgid.org>; wong_trustee@ivgid.org <wong_trustee@ivgid.org>
Subject: Support for Continuation of the Whistleblower Policy and the Audit Committee

Dear Trustees,

I am writing this email to express my opinion to the IVGID Board of Trustees that the Audit Committee and the Whistleblower Policy are very important to IVGID's future credibility with the public who are served by IVGID, and to IVGID's future operational integrity. In today's economy, where every expenditure of public dollars is scrutinized, an audit committee enhances the credibility of financial reporting, the independence of external auditors, and increases the reliability of financial reporting.

As Trustees, you know that there have been many serious past accounting policy and procedural errors that required new policies, procedures and corrections, as evidenced by among other things, the Moss Adams reports, and many of these issues were raised at and recommended by the Audit Committee. Without the Audit Committee, these positive actions, changes and improvements would likely not have been made. I have unfortunately observed that some of the finance and accounting personnel did not react quickly in addressing some of the needed changes, (for among other reasons workload I assume). Therefore I sincerely believe that Audit Committee oversight continues to be important.

I know that it is difficult to have a watchdog looking at the actions of Staff and at District procedures, and I am sympathetic to the concern that more courtesy to Staff and to the Trustees should be shown by some of the Audit Committee appointees . However, because I do not believe that the corrections that have been made to date in the finance and accounting areas would have been made without the Audit Committee pushing for those changes, I feel that the Audit Committee is vital to the future of IVGID. I would note that having an Audit Committee is a standard part of a legal risk management policy for a business operation, and successful business operations welcome the input of an Audit Committee.

I am a former Chief Legal Officer and Senior Vice President of Risk Management, Security and Safety, and in that capacity, and as a lawyer for a number of organizations, I have drafted Whistleblower Policies. Whistleblower Policies are a critical component of good legal risk management. So often an employee is aware of Misconduct, but is afraid to report the Misconduct because of a fear of a lack of confidentiality and the possibility of retaliation, and the Whistleblower policy is critical to generate disclosure of Misconduct known to employees. It is a protection for good staff who desire to improve the operations of IVGID.

I reviewed the Whistleblower Procedure in advance of making the above comment, and I have a few comments on the Whistleblower Procedure for your future consideration:

1. I note that this reporting policy intends to make the reporting MANDATORY and not discretionary as to employees, trustees and volunteers, but that is not clear. I think using the word "shall" will more clearly make the reporting policy mandatory as to that group. The way this is written it may not be clear to the employee, Trustee and volunteer that reporting is mandatory, when it says "it is the responsibility of all employees, Trustees and volunteers to report..." I think that the first sentence needs to add following after second "Misconduct" in the second line:

"and therefore, all employees, Trustees and volunteers shall report Misconduct and/or reasonable suspicions of Misconduct..."

Note that the paragraph goes on to say that "the public may report" and that is appropriate.

2. Consider if you want to include a section on what happens if an employee fails to report Misconduct, with a title like "Failure to Report Misconduct".

3. The definition of "Misconduct" at (c) is not really clear as it doesn't list the policies, and you might want to include a list of some of those, with an "including but not limited to" clause. I especially would list the Sexual Harassment Policy, Non-Discrimination Policy, and some of the most critical policies. Employees really do need to report violations of those policies, and employees should be notified of specific policies where it is really important that they report on.

4. Consider changing the first sentence of the third paragraph from "The Whistleblower Procedure Includes the following:" to "The objectives of the Whistleblower Policy are to establish policies and procedures for:" I like to call that list "objectives".

5. Consider appointing a Compliance Officer, if you do add a section with a heading "Compliance Officer" that states something like:

"Compliance Officer. The District's Compliance Officer is responsible for ensuring that all complaints about Misconduct are investigated and resolved. The Compliance Officer will advise _____ of all complaints and their resolution and will report at least _____ to the Board and to the public on

compliance activity relating to accounting or alleged financial improprieties.”

I have found that having a Compliance Officer gives one person responsibility for assuring that all of the other listed individuals gather the whistleblower complaints, will assure that the policy is correctly followed.

6. The Compliance Officer should maintain all lists and complaints for a specified/lengthy period of time, so that you can prove that you did or did not get a complaint in the distant future for future lawsuits. Consider having each person who gets complaints maintain a list of the complaints and disposition for future lawsuits.

I urge you to continue to have the Audit Committee function and the Whistleblower Procedure enacted, for the improvement and betterment of the District.

Thank you in advance for your consideration.

Very truly yours
Diane Becker,
local Incline Village full time resident
805-290-2779