

MEMORANDUM

TO: Audit Committee

THROUGH: Chris Nolet, Audit Committee Chairman

FROM: Trustee Sara Schmitz

SUBJECT: Review, discuss, possibly revise and possibly approve the modifications to the Whistleblower Policy & Procedure. (Requesting Committee Member: Trustee Sara Schmitz)

DATE: November 27, 2023

I. RECOMMENDATION

Review the attached redline document for proposed recommendations.

II. BACKGROUND

Moss Adams reviewed the procedure and identified areas for improvement. The red-lined version is an attempt to enhance the procedure into a policy and procedure.

III. ATTACHMENTS

Moss Adams Report review page
Whistleblower Procedure – Redline
Whistleblower Procedure – Final 11202023

Board Policies Gap Analysis

Level of Effort of P&P Category:
Full Gap - P&P does not exist for category
Major Gaps - Some P&P documentation exists but major gaps in coverage exist
Minor Gaps - P&Ps cover most of the key areas but require some updating or additional coverage.
Update Needed - The P&P needs to be reviewed for potential updates needed.

Summary of Priority/Phases	
Phase One (High Risk)	Critical control deficiencies that expose the District to a high degree of combined risks. Recommendations from high-risk findings should be implemented immediately (preferably within 6 to 12 months) to address areas with the most significant impact or highest likelihood of loss, misappropriation, or damage related to the District assets.
Phase Two (Medium Risk)	Represents less than critical deficiencies that expose the District to a moderate degree of combined risks. Recommendations arising from medium-risk findings should be implemented in a timely manner (preferably within 18 months) to address medium risks and strengthen or enhance efficiency in internal controls on areas with moderate impact and likelihood of exposure.
Phase Three (Low Risk)	Represents low risk or control deficiencies and the exposure is not likely to expose the District and its assets to significant losses. However, they should be addressed to improve efficiency and effectiveness of operations. Recommendations arising from low-risk findings should be implemented within 24 months.

Policy Name	Policy, Procedure, and Current Coverage Summary	Applicable NRS Sections (if any)	Recommendations	Gap Type	Associated Risk
Code of Conduct for Elected and Appointed Members (no number)	I. PURPOSE AND APPLICABILITY II. CONDUCT A. Elected and Appointed Members' Conduct with One Another B. Trustees' and Members' Conduct with District Staff C. Elected and Members' Conduct with the Public D. Conduct Generally	NRS 318, NRS 241.030-033	- Update to include process for managing conflicts of interest (or address as separate policy) - Update to include prohibition against and means to address sexual harassment, general harassment, and discrimination (or address as separate policy) - Add policy number - Consider distinguishing between policy and procedure information	Major Gap	Medium
Whistleblower Policy (no number)	- General - Reporting --- Trustees, employees, and volunteers --- The public - No Retaliation - Acting in Good Faith - Confidentiality - Receipt, Retention, and Treatment – Role of The Audit Committee Chair - Receipt, Retention, and Reporting – Role of The General Manager	NRS 281.611	- Clarify scope (referenced inconsistently throughout the policy) and ensure that it covers committee members - Update to clarify that violation of policy can result in removal from Board position (not just censure) - Describe conditions under which an investigation would include an independent third-party reviewer - Expand description of misconduct to include violation of code of conduct, bribery, corruption, money laundering, tax evasion, environmental damage, breaches of public health, and safety regulations. - Expand reporting process to include reporting procedure if General Manager is implicated in complaint - Consider describing how whistleblowers are protected by the law - Consider distinguishing between policy and procedure information - Add policy number	Major Gap	Medium
Board Policy 1.1.0 - Strategic Planning Policy	0.1 Initiate the Strategic Planning Process 0.2 Prepare a Mission Statement 0.3 Assess Environmental Factors 0.4 Identify Critical Issues 0.5 Agree on a Small Number of Long Range Principles 0.6 Develop Strategies to Achieve Long Range Principles 0.7 Develop Objectives 0.8 Create an Action Plan 0.9 Incorporate Performance Measures 0.10 Obtain Approval of the Plan 0.11 Implement the Plan 0.12 Monitor Progress 0.13 Reassess the Strategic Plan	N/A	- Review policy every three to five years (last updated in 2014) - Distinguish between policy and procedure information - Clarify roles and responsibilities of management vs. Board - Consider reducing specific implementation details to allow for additional flexibility/responsiveness - Formalize requirement to conduct comprehensive strategic planning process every five years and consider adding an enforcement mechanism	Major Gap	Medium
Board Policy 2.1.0 Financial Standards	Covers the District's Long Range Principles as part of its Strategic Planning Process for the following areas: Resources and Environment, Finance, Workforce, Services, Facilities, and Communications	NRS 318.080: Duties of board of county commissioners; appointment of initial board of trustees; bond; removal of trustee.	NRS 318.080 lists the following as duties of the board of trustees to establish: 2. While acting as the board of trustees, the board of county commissioners shall establish: (a) Accounting practices and procedures for the district; (b) Auditing practices and procedures to be used by the district; (c) A budget for the district; and (d) Management standards for the district. Consider including oversight and updating of these as the current Finance section does not speak directly to these tasks.	Minor GAP	Low

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT WHISTLEBLOWER POLICY & PROCEDURE

POLICY:

1.0 General

The Incline Village General Improvement District (IVGID) expects its employees, Trustees, and volunteers to observe high standards of business and professional ethics in the conduct of their duties and responsibilities. Employees and representatives of IVGID must practice honesty and integrity in fulfilling their responsibilities and comply with all IVGID Policies, Practices, Resolutions and Ordinances and other applicable laws and regulations. Moreover, IVGID is committed to transparency and fostering a “speak up” culture. This Whistleblower Policy & Procedure implements Board of Trustees Policy 15.1.0(2.8).

In addition, IVGID encourages its employees, volunteers, other stakeholders of the District, and the public to share their questions, concerns, suggestions, or complaints with their supervisor, Venue Manager, Trustees, General Manager, or the Audit Committee Chair.

~~The Whistleblower Procedure includes the following:~~

- ~~• The methods for submission of suspected Misconduct may be reported by employees, Trustees, volunteers, other stakeholders of the District, and the public on a confidential and anonymous basis to the extent permitted by applicable law.~~
- ~~• The process to be followed when a submission of concern is received.~~
- ~~• The receipt, retention, and treatment of suspected Misconduct submissions received by the Audit Committee regarding IVGID Policies, Practices, Resolutions, Ordinances and other applicable laws and regulations. The protection of employees, Trustees, volunteers, other stakeholders of the District, and the public reporting concerns from retaliatory actions.~~

2.0 Reporting

It is the responsibility of all employees, Trustees, and volunteers to report Misconduct and/or reasonable suspicions of Misconduct in accordance with this Whistleblower Procedure. Other stakeholders of the District and the public may also report Misconduct in accordance with this Whistleblower Procedure.

“Misconduct” means (a) questionable or improper accounting or auditing matters, (b) violations and suspected violations of federal, state, local laws, and (c) violations and suspected violations of IVGID Ordinances, Policies,

Proposed July 13, 2021 [Website has an “adopted version” dated Jan 22, 2023?](#)

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Practices, ~~and~~ Resolutions and the Code of Conduct, (d) conflicts of interest, (e) misuse of District resources. ~~“Misconduct”~~ “Misconduct” does not include minor, immaterial matters or routine workplace complaints or disciplinary matters which shall be processed under applicable Human Resources policies and/or applicable Memorandum of Understanding.

Commented [MOU1]: What is this? Do our citizens know what is is? This link should only go to the Chair of the AC

2.1 Trustees, employees and volunteers have the following options for reporting concerns that involve Misconduct and/or or reasonable suspicions of Misconduct:

- A. Discuss any suspected Misconduct with their **immediate supervisor**.
- B. Report the suspected Misconduct to the **Director of Human Resources**.
If the Misconduct was reported verbally to the Director of Human Resources, the reporting individual, with assistance from the Director of Human Resources, shall reduce the reported Misconduct to writing.
- C. Report the suspected Misconduct to the **Chair of the Board of Trustees**.
Should the suspected Misconduct implicate one or both of the General Manager or the Chair of the Audit Committee, this is the recommended reporting option.
- D. Report the suspected Misconduct to the **Chair of the Audit Committee**.
- E. Report the suspected Misconduct to any other **Trustee**. It is recommended that if a Trustee receives a report it is copied to the Chair of the Audit Committee – unless the Chair of the Audit Committee is implicated - to be investigated in accordance with the procedure described in the section **Receipt, Retention, and Treatment – Role of the Audit Committee Chair**.
- F. Submit concerns of suspected Misconduct anonymously using the IVGID website. Such submittals will automatically be routed to the Audit Committee Chair with a copy to the General Counsel.

2.2 The Public may also submit suspected Misconduct and/or or reasonable suspicions of Misconduct to:

- A. The Audit Committee Chair by email at AuditCommittee@ivgid.org. The email will be routed to both the Audit Committee Chair and General Counsel.
- B. Anonymously using the IVGID website. All anonymous allegations of Misconduct will be sent directly routed to the Chair of the Audit Committee with a copy to the and General Counsel.

Commented [MOU2]: This should only go to the Chair. Is this the case?

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- C. Mail to 893 Southwood Blvd. to the attention of the Audit Committee Chair, Strictly Confidential – Addressee ~~only, Incline only, Incline~~ Village NV 89451. General Counsel will be informed of the receipt of the mail.

Upon receipt of suspected Misconduct, the receiving party shall take swift action which shall include investigating or referring it to Human Resources if it is not subject to this procedure. When employee conduct is in question and to obtain completely unbiased results, investigations may include an independent ~~third party~~ third-party reviewer. How investigations are to be conducted will be up to, the Audit Committee Chair, the General Manager ~~Human Resources department~~ and/or Legal Counsel, as ~~applicable~~ deemed appropriate.

2.3 No Retaliation

This Whistleblower Policy is intended to encourage and enable Trustees, volunteers, stakeholders of the District, the public and employees to report Misconduct and/or reasonable suspicions of Misconduct within IVGID for investigation and appropriate action. With this goal in mind, no Trustee, volunteer, member of the public, employee or other stakeholder of the District who, in good faith, reports Misconduct shall be subject to retaliation, harassment or public disclosure except to the extent required by applicable law or, in the case of an employee, adverse employment consequences. Moreover, any volunteer, Trustee or employee who retaliates, directly or indirectly, in violation of this procedure, against someone who has reported Misconduct and/or or reasonable suspicions of Misconduct in good faith is subject to discipline up to and including removal from the volunteer position, or termination of employment, or being censured as a Trustee.

2.4 Acting in Good Faith

Anyone raising concerns of Misconduct and/or reasonable suspicions of Misconduct must be acting in good faith and have reasonable cause for believing the information disclosed indicates Misconduct. Any allegations that prove to be made maliciously or knowingly false will be viewed as a serious disciplinary offense. For employees, this may result in termination. "Good faith" does not mean that the reporting person must be positive that their report is correct, but rather that the person is providing all of the information they have and that they believe it to be true at the time of reporting.

2.5 Confidentiality

To the extent permitted by applicable law, reports of Misconduct or suspected Misconduct will be kept confidential on a "need-to-know" basis,

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Commented [MOU3]: I could not find any examples that strengthen this language - maybe ask Sergio. Add (only in rare cases)

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consistent with the need to conduct an adequate investigation. To the extent permitted by applicable law, the party leading the investigation shall make every reasonable effort to ensure the identity of the reporter is not disclosed if such reporter wishes to remain confidential. If an internal investigation could materially increase the risk of confidentiality being compromised, the use of an independent third party to conduct the investigation is recommended. ___—Improper or unauthorized disclosure of reports of Misconduct or resulting investigations will be viewed as a serious offense and will result in applicable disciplinary procedures being followed, up to and including termination of employment if provided under such procedures.

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PROCEDURE:

1.0 ~~4.0~~ General

The methods for submission of suspected Misconduct may be reported by employees, Trustees, volunteers, other stakeholders of the District, and the public on a confidential and anonymous basis to the extent permitted by applicable law.

The Whistleblower Procedure is to be followed when a submission of concern is received.

The receipt, retention, and treatment of suspected Misconduct submissions received by the Audit Committee regarding IVGID Policies, Practices, Resolutions, Ordinances and other applicable laws and regulations. The protection of employees, Trustees, volunteers, other stakeholders of the District, and the public reporting concerns from retaliatory actions.

2.0 Receipt, Retention, and Treatment – Role of the Audit Committee Chair

The Audit Committee Chair will track and provide quarterly reports on the following statistics:

1. The number of reported concerns regarding Misconduct received through the IVGID website or direct reporting to the Audit Committee Chair or passed to the Audit Committee Chair for investigation by another party receiving a report.
2. The average time to resolve or respond to those concerns.
3. The number of repeated concerns regarding Misconduct submitted.

The Audit Committee Chair will review all concerns under the Whistleblower Policy procedure s/he receives. The following are potential, but not exclusive, options of action for the Audit Committee Chair which shall be determined in consultation with General Counsel, unless the Counsel is implicated in which case the Chair shall consult with the Chair of Board of Trustees:

1. Delegate the investigation to the General Manager when the submission is outside the Audit Committee responsibilities as defined in Board Policy 15.1.0, Section 2.0.
2. Engage an external independent resource to investigate and provide recommended corrective actions as deemed appropriate by the Audit Committee Chair, General Counsel and the General Manager.

Commented [SS4]: Under what conditions?

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3. Delegate the investigation to the ~~General Manager or~~ General Counsel.

Commented [MOU5]: GM is mentioned above.I

If a concern under the ~~W~~whistleblower ~~P~~procedure is delegated to the General Manager, s/he is expected to take immediate action while keeping the Audit Committee Chair informed of the status of the investigation and corrective action taken. To ignore a concern under the ~~W~~whistleblower ~~P~~procedure will result in action pursuant to applicable disciplinary procedures, up to and including termination for inaction. The Audit Committee Chair shall retain ultimate responsibility to ensure that allegations of Misconduct under the ~~W~~whistleblower ~~P~~procedure are investigated and resolved in a timely fashion. The Audit Committee Chair has the authority to take additional action as s/he deems appropriate should s/he deem the investigation and corrective action is not being dealt with in an appropriate and timely manner.

2.0 Receipt, Retention, and Reporting – Role of the General Manager

Commented [MOU6]: Isn't all the listed on page 4 for the AC Chair to do?

In addition to the report by Audit Committee Chair, ~~t~~The General Manager will track and provide quarterly reports to the Audit Committee chair on the following statistics:

1. The number of reported concerns under the Whistleblower Procedure regarding Misconduct received through direct reporting to the General Manager or Human Resources Director or passed to the General Manager for investigation by another party receiving a report.
2. The average time to resolve or respond to those concerns.
3. The number of repeated concerns regarding Misconduct submitted.
4. The Number of reported concerns referred to the Audit Committee.

3.

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2.0 Receipt, Retention, and Treatment – Role of the Audit Committee Chair

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1. The number of reported concerns regarding Misconduct received through the IVGID website or direct reporting to the Audit Committee Chair or passed to the Audit Committee Chair for investigation by another party receiving a report.
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1. Delegate the investigation to the General Manager when the submission is outside the Audit Committee responsibilities as defined in Board Policy 15.1.0, Section 2.0.
2. Engage an external independent resource to investigate and provide recommended corrective actions as deemed appropriate by the Audit Committee Chair, General Counsel and the General Manager
3. Delegate the investigation to the General Counsel.

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If a concern under the Whistleblower Procedure is delegated to the General Manager, s/he is expected to take immediate action while keeping the Audit Committee Chair informed of the status of the investigation and corrective action taken. To ignore a concern under the Whistleblower Procedure will result in action pursuant to applicable disciplinary procedures, up to and including termination for inaction. The Audit Committee Chair shall retain ultimate responsibility to ensure that allegations of Misconduct under the Whistleblower Procedure are investigated and resolved in a timely fashion. The Audit Committee Chair has the authority to take additional action as s/he deems appropriate should s/he deem the investigation and corrective action is not being dealt with in an appropriate and timely manner.

2.0 Receipt, Retention, and Reporting – Role of the General Manager

In addition to the report by Audit Committee Chair, the General Manager will track and provide quarterly reports to the Audit Committee chair on the following statistics:

1. The number of reported concerns under the Whistleblower Procedure regarding Misconduct received through direct reporting to the General Manager or Human Resources Director or passed to the General Manager for investigation by another party receiving a report.
2. The average time to resolve or respond to those concerns.
3. The number of repeated concerns regarding Misconduct submitted.
4. The Number of reported concerns referred to the Audit Committee.