

TOWN OF TISBURY
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ANTI FRAUD POLICY

The Town recognizes the importance of protecting the Town, its operations, its citizens, its taxpayers, its employees and its assets against financial risks and unethical activities. It is the policy of the Town to institute and clearly communicate a fraud prevention policy in an effort to prevent and deter all forms of fraud that could threaten the security of our assets and our reputation.

The Town has a Zero Tolerance policy with regard to fraud and is committed to undertake the following steps as part of its anti-fraud policy:

1. Education
2. Prevention
3. Detection
4. Investigation
5. Corrective Action

Education

The most effective way to reach most employees is through education. Actively fighting fraud means implementing policies and procedures that prevent and detect fraud. The Town's goal is to establish and maintain an environment of fairness, ethics and honesty. To maintain such an environment requires the active assistance of every employee, every day.

Definition of Fraud

Fraud is defined as a deception deliberately practiced to secure unfair or unlawful gain. The term includes such acts as: bribery, deception, embezzlement, extortion, false representation, forgery, the concealment of material facts, the misappropriation of money or assets and collusion or conspiracy to commit any or all of the above acts. Acts of fraud may include:

- Breach of fiduciary duty;
- Bribery;
- Concealment of material facts;
- Theft of money or physical property;
- Theft of secrets or intellectual property; and

- Other statutory offenses.

Fraud

Fraud, as defined by this policy, includes any misuse or attempt to misuse a Town asset for personal gain or purposes unrelated to Town business. It may include, but is not limited to:

- Misappropriation of Assets
- Forgery, alteration or misappropriation of cash, checks, bank drafts, promissory notes, securities or any other financial document
- Unauthorized use or disposition of funds or property
- Falsifying timesheets or payroll records
- Falsifying travel expenses and /or utilizing Town funds to pay for personal expenses or for personal benefit
- Theft
- Embezzlement
- Fictitious reporting of receipt of funds
- Falsification of expenses and invoices
- Profiteering
- Offering, giving, soliciting and/or accepting an inducement or reward that may improperly influence the action of an employee of the Town and School Department.

Related Policies

This is a Town wide policy that is designed to augment Chapter 268A of the Massachusetts General Laws ("The Conflict of Interest Law"). It is not intended to replace or preclude it in any way.

Internal Controls/Investigations

The Town Administrator and Finance Director/Town Treasurer or designee shall be responsible for developing internal controls to aid in preventing and detecting fraud or financial impropriety or irregularity. Reports of suspected fraudulent activities shall be investigated in a manner that protects the confidentiality of the parties and avoids unfounded accusations. Employees involved in the investigation shall be advised to keep information about the investigation confidential.

If a preliminary investigation substantiates occurrence of a fraudulent activity, the department head or designee shall issue a report to the Town Administrator. Final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory

agency for independent investigation shall be made in consultation with legal counsel. Results of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know, or in accordance with a requirement to disclose under the provisions of the Public Records Law.

General Policy and Responsibilities

The Town Administrator or his/her designee is responsible for investigating any suspected acts of fraud. An objective investigation will be conducted of any person, group or organization reasonably believed to have committed fraud, regardless of position, job title, and length of service or relationship with the Town. Department heads are responsible for instituting and maintaining programs and controls to prevent, deter and detect fraud.

All Town employees, upon discovery of any violation of this policy, must notify his/her supervisor of the violation through the normal chain of command.

The Town Administrator or his/her designee has the primary responsibility for overseeing the investigation of all suspected fraudulent acts as defined in this policy. The Town Administrator may involve individuals including, but not limited to: the Auditor, Town Treasurer, Town Law Enforcement, Legal Counsel and others deemed appropriate.

Upon conclusion of the investigation, the results will be reported to the Town Administrator or his/her designee. If there are reasonable grounds to believe that a fraud may have occurred, the Town Administrator may report the incident(s) to the appropriate authorities. Whatever action is taken by such appropriate authorities will not preclude the Town from taking disciplinary action where it believes discipline is warranted. Every reasonable effort will be pursued to recover Town assets.

Security of Evidence

Once a suspected fraud is reported, immediate action to prevent the theft, alteration, or destruction of relevant records shall be initiated. The records will be adequately secured until the investigation is complete.

Confidentiality

All participants and all persons questioned in a fraud investigation will keep the details and results of the investigation confidential so as not to violate an individual's expectation of privacy.

Personnel Actions

If a suspicion of fraud is substantiated by the investigation, the Town Administrator shall take disciplinary action up to and including dismissal and appropriate legal action. Such disciplinary action may be taken independent of any findings and conclusions reached by any appropriate authority to which the fraud allegations are reported.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, the allegation was made in bad faith or without a justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation, up to and including termination.

Any employee with a question regarding this Policy should contact the Town Administrator/Personnel Director or Finance Director/Treasurer.