

TOWN OF DORCHESTER	POLICY NUMBER FIN - 5	ADOPTED BY SELECT BOARD
Subject: FRAUD PREVENTION	Adoption Date: Dec 6, 2012 Revision Date: Effective Date: Dec, 7 2012	Supersedes: Revision Date:

5.01 Purpose. This policy is to formalize the Town’s commitment to protecting its taxpayers, employees and assets against financial risks, operational breaches, and unethical activities; and the loss of public confidence thereby engendered. Its scope is not limited to fraud. It includes all manner of corruption, misconduct and dishonesty. To that end this policy will address the detection and elimination of any activities either by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees, to gain by deceit, financial or other benefits. In addition to providing specific guidelines and responsibilities regarding appropriate actions that must be followed for the reporting and investigation of fraud and other similar irregularities this policy provides guidance for operational procedures that provide the checks and balances necessary to detect irregularities that may or may not constitute fraud, but which may diminish public confidence. Such checks and balances are particularly important in a community the size of Dorchester, where quite often individuals wear many hats and where the ideal segregation of functions is difficult to achieve.

5.02 Departments Affected – All offices and departments of town government

5.03 Definitions – (See additional definitions in FIN Appendix A1)

Corruption - the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity.

Fraud - an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity, including but not limited to the following:

- Falsification of expenses and invoices
- Theft of cash or fixed assets
- Alteration or falsification of records
- Failure to account for monies collected
- Knowingly providing false information on job applications
- Knowingly providing false information in requests for funding

Misconduct and dishonesty - theft or other misappropriations of assets, including assets of the Town, our citizens, suppliers or others with whom we have a business relationship including but not limited to the following:

Misstatements and other irregularities in municipal records, including the misstatement of the results of operations
Conduct which constitutes a gross deviation from that of a reasonable person
Forgery or other alteration of documents
Deliberate omission of pertinent facts or information from written documents or oral testimony.
Any activity designed to conceal any event or incident or deflect blame upon an individual other than the perpetrator thereof
Any similar acts.

5.04 Scope – This policy's scope shall extend to all activities of the Town, its employees and officers and to all persons natural and unnatural, which have a contractual relationship with the Town, as their activities relate to that relationship.

5.05 Objectives – The Town embraces a zero tolerance policy regarding fraud and corruption. However, preventing all activities that have the potential to diminish public confidence in the governance of the Town is preferable to having to react to a transgression after the fact. To that end the true objective of this policy is to eliminate the opportunity to commit fraud and promote an atmosphere of transparency that diminishes the opportunity for corruption while also establishing the procedures to discover, investigate, and initiate appropriate corrective measures if necessary.

5.6 Prohibited Acts – Fraud, corruption, misconduct and dishonesty as defined in Part 5.03, the Revised Statutes Annotated (RSA) of the State of New Hampshire, or any Code or Title adopted by the government of the United States of America
Concealment, and/or failure to disclose knowledge or suspicion of said activities shall be prohibited pursuant to the following sections shall be prohibited..

5.07 Prevention - To the greatest extent possible every department and or individual who has access to assets of the Town shall comply with the segregation of duties and internal controls prescribed in each chapter of the Town's Finance Policy. If it is not possible to segregate functions so that no one individual has the opportunity receive, record, and allocate assets of the Town, the Select Board shall establish a procedure, whereby, the record of that individual's activities shall be audited by the Town Auditors not less than once per quarter and randomly as they shall require. If any employee or officer shall refuse to cooperate with the Auditors, the Select Board shall act immediately to prevent said employee or officer from accessing Town assets or any record that might be subject to alteration or destruction.

5.08 Reporting - All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor or any other party with any association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately. If the reporting individual is reporting observation concerning someone other than his supervisor he/she

shall make a report to said supervisor. If the employee is reporting a transgression by a supervisor he/she shall make a report directly to a member of the Select Board.

5.09 Investigation – A supervisor receiving a complaint pursuant to this chapter shall immediately contact a member of the Select Board who shall initiate an investigation and shall immediately contact a law enforcement agency if they uncover evidence of criminal activity. If the allegation involves a member of the Select Board the other member(s) shall immediately contact a law enforcement agency or the Department of Revenue Administration or a law enforcement agency having jurisdiction.

5.10 CORRECTIVE ACTIONS AND DISCIPLINE

Appropriate and timely action will be taken against those proven to have committed fraudulent act. These remedial actions may include, but are not limited to:

- A. Disciplinary action (up to and including immediate termination of employment).
- B. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
- C. Forwarding information to the appropriate authorities for criminal prosecution.
- D. Institution of civil action to recover losses.
 - 1. Where the Town elects to take corrective or disciplinary action, it will proceed under the procedures in place under policy.
 - 2. The Town may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from fraudulent conduct.

5.11 CONFIDENTIALITY

All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act or the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

5.12 Implementation – To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to officers, employees, volunteers, board and commissions upon hiring, appointment or election to office and at such other times as may be necessary.