



FRAUD

I. PURPOSE

It is the intention of the City to establish standards and requirements for employees with respect to fraud prevention and detection, and to respond to allegations of fraud in connection with City programs, functions or activities. City management and all City employees share responsibilities to maintain a fair, honest and ethical business environment for employees, suppliers, citizens and persons that have a business relationship with the City. This cooperative effort is intended to eliminate fraud from the City's business operations.

II. SCOPE

This policy applies to all City employees.

III. POLICY

All employees are expected to maintain a high level of personal and professional conduct on the job. As a public service organization and stewards of public funds, City holds its employees to a high standard of ethical conduct relating to the use of City resources. All employees shall avoid fraud (defined below) and are expected to report possible fraudulent activity or any internal/external practices that may allow for or facilitate fraudulent activity. Reports can be made to the City's Finance Director, Controller, City Manager, and Assistant City Manager or the employee's supervisor or Division Director.

Supervisors and managers have a greater responsibility to uphold this policy. They are expected to initiate appropriate preventative measures, implement the necessary controls and initiate investigations by promptly reporting allegations to a member of the investigation committee. In addition, they are responsible for determining and enforcing disciplinary action with the assistance of the Human Resources Director.

The "investigation committee" is a standing committee that is responsible for responding to fraud allegations through the coordination of necessary resources and by determining future actions regarding the investigation. If the committee believes the conduct may be criminal in nature, the committee will recommend that the Police Department take charge of the investigation. The investigating committee will be composed of a representative



from Finance and Human Resources, and a representative of the division where the suspected fraud occurred, as designated by the City Manager. All findings of the committee will be communicated to the City Manager's Office. The committee will be responsible for documentation of all investigations.

Employees should be aware of the City's "zero tolerance" policy regarding fraud. This includes the individual committing fraud or those with knowledge of a fraudulent act that does not act in accordance with this policy.

IV. GUIDELINES

City employees will:

A. Recognize fraud

The City of Georgetown considers the following list of actions to be fraud; however, this list does not include all of the instances of potential fraud

1. Forgery or alteration of any document (including timesheets) or account belonging to the City.
2. Forgery or alteration of a check, bank draft or any other financial document representing funds belonging to the City.
3. Misappropriation of funds, securities, supplies or other assets of the City.
4. Impropriety in the handling or reporting of money or financial transactions involving the City and any other entity.
5. Profiteering as a result of insider knowledge of City activities.
6. Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the City or from any organization with which the City has a business relationship.
7. Destruction, removal or inappropriate use of records, furniture, fixtures and equipment belonging to the City.
8. Embezzlement, larceny or any other misapplication of City funds.



9. Any official misconduct including the misapplication or misuse of City funds and property.

B. Understand the procedures established under this policy

1. An employee shall immediately report concerns of possible fraud to his or her supervisor for appropriate action. Immediately shall mean as soon as the employee has the means to contact their supervisor, but shall be no longer than 24 hours after the employee becomes aware of the suspected fraud. As an alternative, an employee can report suspected fraud directly to his or her Division Director, an Assistant City Manager, the City Manager, or a member of the investigation committee. An employee who provides information in good faith will be protected from retaliation, as further described in Section C 5 of this policy.
2. A city employee who is contacted by citizens with evidence or written allegations of fraud shall immediately report it his or her department head, a *Personnel Issues*
3. Department heads or supervisors will report allegations or concerns of fraud to a member of the investigation committee immediately following notification of the allegations or suspicions. This will be done prior to taking personnel action towards the employee (s) involved or immediately after putting the employee(s) on administrative leave as defined herein.
4. Department heads will be responsible for maintaining consistency in their response to allegations of fraud and actions taken should be to protect the City and City assets.
5. The investigation committee will be responsible for the investigation and will coordinate the individuals that will be involved with the investigation.

C. Personnel Issues

1. *Administrative Leave*

An employee under investigation may be placed on administrative leave with or without pay for the duration of the proceedings upon the recommendation of the Human Resources Department, Division Director, and Assistant City Manager or City Manager. Upon completion of the investigation, appropriate and timely action will be taken. If the employee is cleared in the investigation and is returned to duty, he/she will receive recovery any back pay, if applicable and to



the extent deemed appropriate by the Human Resources Department or as may be required by lawmember of the investigation committee, an Assistant City Manager or the City Manager.

2. *Rehire*

Employees terminated for violating a provision of this directive shall not be eligible for future employment with the City in any capacity – e.g. a regular, temporary, or contract/consulting position unless the termination is overturned by a judicial or administrative procedure.

3. *False information and/or accusations*

Employees who intentionally or knowingly make false accusations and/or provide false information concerning instances of fraud will be subject to disciplinary action up to and including termination.

4. *Cooperation*

All employees are required to cooperate fully during any City review or investigation of an allegation of fraud. Anyone informed of an investigation in progress shall ensure that strict confidentiality is observed to as to not prejudice the investigation or the city's rights and integrity.

5. *Protection from retaliation*

An employee may not be retaliated against for reporting an alleged violation of a law to an appropriate law enforcement authority if the employee's report is made in good faith.

D. Compliance

1. All City employees are required to comply with this policy. Failure to comply may result in disciplinary action up to an including termination as determined necessary by the City Manager and appropriate Division Director.