



Date: 01/01/07

## Fraud Prevention and Control

---

### I. Purpose

This policy establishes City standards and requirements to prevent and detect fraud or related dishonest activities in the workplace. For purposes of this policy, "fraud" is defined as any misstatement arising from the intentional falsification of, fraudulent financial reporting (e.g., falsification of accounting records) and any misstatement arising from the intentional misappropriation of City assets (e.g., theft of assets or fraudulent expenditures).

### II. Policy

The City will:

1. Foster and maintain a workplace with a high standard of ethical conduct in all activities and conduct its business in a fair, effective, efficient and transparent manner.
2. Protect its assets and resources from fraud, illegal and dishonest activity.
3. Detect, identify and investigate any possibility of fraud or related dishonest activities against the City.
4. Pursue legal remedies available under the law against any employee who violates this policy, including, but not limited to, restitution and/or forwarding information to the appropriate authorities for criminal prosecution.
5. Pursue appropriate disciplinary action against any employee who violates this policy up to and including termination.
6. Afford any City employee who discloses information to a government or law enforcement agency as a "whistleblower" with all legal protections in accordance with state or federal statutes, rules and regulations.
7. Encourage employees to notify an appropriate government or law enforcement agency when the employee has reason to believe the City is violating or failing to comply with a state or federal statute, rule or regulation.

### III. Prohibited Activity

Prohibited fraud or related dishonest activity includes, but is not limited to, the following:

1. Theft, misuse of or misappropriation of City resources, property, information, assets or funds.
2. Intentional falsification of records (including failure to disclose material facts or the making of false or misleading entries or statements with the intent to deceive on any City document or other official document, report or form, including City financial records and environmental regulatory reporting), or the willful and unauthorized destruction and or mutilation of any City document or other official document, report or form (including City financial records).
3. Intentionally submitting false claims for payment or reimbursement.

4. Knowingly submitting and/or signing a timecard containing false information.
5. Forgery or intentional unauthorized alteration of a City document or other official document, report or form (including City financial records).
6. Improprieties in the handling or reporting of financial transactions for the City.
7. Intentionally authorizing payment by the City for goods not received or services not performed.
8. Theft, misuse of or misappropriation of City-owned software.
9. Work-related dishonesty, including, but not limited to, attempted theft or attempted misappropriation of City resources, property, information, assets or funds.
10. Unauthorized, intentional release of confidential City information, materials, data, forms or reports.
11. Seeking or accepting a gratuity, reward, fee or gift from any person doing business with the City including customers, vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code which incorporates the Fair Political Practices Commission's regulations.

#### **IV. Employee Responsibility**

All City employees are to:

1. Know the City's policy on *Fraud Prevention and Control*.
2. Exercise reasonable care and control to prevent fraud.
3. Report suspected fraud in the manner set forth in Section VI.

#### **V. Management Responsibility**

For purposes of this policy, "Manager" shall mean any City employee who is a manager or administrator or a person who manages or supervises City employees, programs or funds. Department Directors and Managers are to:

1. Be familiar with the types of improprieties that might occur in their area of responsibility and be alert for any indication that fraud, misappropriation, improper or dishonest activity is or has been occurring.
2. Have in place controls and procedures to prevent and/or detect fraud or misappropriation of City assets.
3. Provide an environment where an employee is encouraged to raise concerns about fraudulent activity and report suspected fraud.

#### **VI. Reporting of Fraud**

1. An employee who suspects fraudulent activity is to promptly notify his or her supervisor, or the Department Director, or the Human Resources Manager.

2. In a situation where the required report person is suspected of involvement in fraudulent activity, the employee should notify the next highest level of supervision or any member of management.
3. Any supervisor or manager who receives a complaint of suspected fraudulent activity or who observes or otherwise learns about fraudulent activity shall notify the Department Director, who shall promptly notify the Human Resources Manager of the complaint or allegation.

## **VII. Investigation Procedure**

All reports of fraudulent activity will be treated seriously and investigated promptly. The Human Resources Manager shall take the necessary steps to initiate an investigation of the reported activity as quickly as reasonably possible after the report and/or observations are made. With the prior approval of the Human Resources Manager, the Department may conduct the investigation. Otherwise all investigations shall be conducted and/or coordinated by the Human Resources Manager.

Approved:



---

Michael A. Bierman, City Manager

Established: 01/01/07