

CITY OF WHITE SETTLEMENT



FRAUD POLICY

PREFACE

The aim of the Fraud Policy is to safeguard the reputation and financial viability of the City of White Settlement through improved management of fraud risk.

The fraud policy is established to facilitate the development of controls that will aid in the prevention, deterrence and detection of fraud against City of White Settlement. It is the intent of the City of White Settlement to promote consistent organizational behavior by providing guidelines and assigning responsibility of the development of controls and conduct of investigations.

REVIEW & CITY MANAGER APPROVAL

March 2021

I. SCOPE OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with City of White Settlement.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the City of White Settlement.

II. POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her inquiry. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be confidentially reported immediately to the City Manager, who coordinates all investigations with the legal counsel and other affected areas both internal and external. If the City Manager is a subject of the irregularity, the investigation shall be reported to the City Attorney. In the event multiple parties are subject to the irregularity, it should be reported to the highest non-implicated person in the following order:

- A. City Manager
- B. City Attorney
- C. Mayor
- D. Police Chief
- E. Human Resources Manager
- F. Finance Director
- G. City Secretary
- H. District Attorney

III. ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- A. Any dishonest or fraudulent act;
- B. Misappropriation of funds, securities, supplies, or other assets;
- C. Impropriety in the handling or reporting of money or financial transactions;
- D. Profiteering as a result of insider knowledge of City activities;

- E. Disclosing confidential and proprietary information to outside parties;
- F. Disclosing to other persons activities engaged in contemplated by the City of White Settlement;
- G. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and /or
- H. Any similar or related irregularity.

IV. OTHER IRREGULARITIES

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and Human Resources.

If there is any question as to whether an action constitutes fraud, contact the appropriate department head for guidance.

V. INVESTIGATION RESPONSIBILITIES

City Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. Should an investigation substantiate that fraudulent activities have occurred, the City Manager will issue reports to appropriate designated personnel, and if appropriate, to the City Council.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

VI. CONFIDENTIALITY

All parties involved will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the City Manager Office immediately, and **should not attempt to personally conduct investigations or interview/interrogations** related to any suspected fraudulent act (see REPORTING PROCEDURE section below).

Except as required by law, investigation results **will not be disclosed or discussed** with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the City of White Settlement from potential civil liability.

VII. AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

All searches must be authorized in advance by the City Manager and conducted under the

direction of the Department Head and/or City Manager. The City Manager or designee will have:

- A. Free and unrestricted access to all City of White Settlement records and premises at any time, whether owned or rented; and
- B. The authority to conduct unannounced searches or inspections of the worksite, including, but not limited to, City property used by employees such as lockers, file cabinets, computers, desks, vehicles and offices, whether secured, unsecured or secured by a lock provided by the employee; and
- C. If reasonable suspicion exists, the authority to conduct unannounced searches or inspection of the employee's personal property located on City premises, included purses, lunch boxes, brief cases and private vehicles or vehicles used to conduct City business located on City property; and
- D. **Employees are not entitled to any expectation of privacy with respect to such or similar items. Employee refusal to cooperate with a search will likely be subject to disciplinary action, up to and including termination.**

VIII. REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will **contact his or her department head immediately**. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the City Manager or his designee or the City Attorney. Except as required by law, no information concerning the status of an investigation will be given out. The proper response to any inquiries is: **"I am not at liberty to discuss this matter."** Under no circumstances should any reference be made to **"the allegation," "the crime," "the fraud," "the forgery," "the misappropriation"** or any other specific reference.

The reporting individual should be informed of the following:

- A. Do not contact the suspected individual in an effort to determine facts or demand restitution.
- B. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the City Attorney or the investigating agency.

IX. TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the City Attorney before any such action is taken. Should the employee believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision through the appropriate appeals process in personnel policy.

X. ADMINISTRATION

City Management is responsible for the administration, revision, interpretation, and application of this policy.