

## **SECTION 201-013: TOWN OF WALPOLE FRAUD POLICY**

The Town of Walpole is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, vendors, agents or its own employees, to obtain by fraud or similar irregular activity as defined herein, financial or other benefits at the expense of the taxpayers.

Town Officials and employees must, at all times, comply with all applicable laws and regulations regarding the safe, secure and proper handling of town property, revenue, information or other assets belonging to or entrusted to the town. The Town prohibits any activity that violates a law or is unethical. The Town does not permit or condone any activity by its employees, officials or vendors that fails to stand the closest possible public scrutiny.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities. It is the intent of this policy to grant the town the broadest ability to prevent and investigate fraud and similar irregularities.

### **Definitions**

Occupational **fraud** is defined by the Association of Certified Fraud Examiners as the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the Town of Walpole's resources or assets. There are three major categories of occupational fraud.

- **Asset Misappropriations** - Theft or misuse of the Town of Walpole's assets.

- Cash

- Fraudulent Disbursements - Perpetrator causes the Town of Walpole to disburse funds through some trick or device (e.g. submitting false invoices/time card/sheets, expense reimbursement schemes, check tampering, false sick or injury leave, etc.)
    - Skimming - Cash is stolen from the Town of Walpole before it is recorded on the Town of Walpole's books and records.
    - Cash Larceny - Cash is stolen from the Town of Walpole after it has been received by or recorded on the Town of Walpole's books and records.

- Inventory and all other assets

- Misuse - Misuse of the Town of Walpole's inventory or assets for personal use (e.g. Town vehicles, computers, supplies, etc.)
    - Larceny - Inventory or other assets are stolen from the Town of Walpole.

- **Corruption** - Wrongfully use influence in a business transaction in order to procure some benefit for themselves or another person, contrary to duty to employer or the rights of another.
  - Conflicts of Interest - An undisclosed economic or personal interest in a transaction that could potentially adversely affect the employer.
  - Bribery - The offering, giving, receiving, or soliciting of anything of value to influence an official act or business decision.

- o Illegal Gratuities - A party who benefits from an official act or a business decision gives a gift to a person who made the decision. An illegal gratuity does not require proof of an intent to influence.
- o Economic Extortion - An employee demands that a vendor/contractor/etc. pay to influence an official act or a business decision.

- **Fraudulent Statements** - Falsification of the Town of Walpole's financial statements.

**Other similar irregularities** is defined as any activity involving questionable behavior or business dealings by members of the public, contractors, vendors, agents or government employees, that put government revenue, property, information and other assets at risk of waste or abuse.

### **Applicability**

This policy applies to all Elected Officials and employees of the Town of Walpole as well as any business or individual doing business with the government.

### **General Policy and Responsibility**

1. It is the Town's intent to fully investigate any suspected acts of fraud or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the government of any party who might be or becomes involved in or becomes/is the subject of such investigation.
2. Each Elected Official, Department Head/Director, Commissioner and Manager is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
3. The Town Administrator or his designee has the primary responsibility for the investigation of all activity defined in this policy.
4. The Town Administrator will notify the Board of Selectmen (BOS) of a reported allegation of fraudulent or irregular conduct upon the commencement of the investigation to the extent practical. Throughout the investigation the BOS will be informed of pertinent investigative findings.
5. In all circumstance where there are reasonable grounds to indicate that a fraud or similar irregularity may have occurred, the Town Administrator, in conjunction with the advice of Town Counsel, will contact the office of the District Attorney and/or the Walpole Police.
6. Upon conclusion of the investigation, the results will be reported to the members of the BOS, and others as determined necessary.
7. The Town Administrator will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the Town/Town's losses from the offender, or other appropriate source. The Town Administrator will also initiate appropriate disciplinary action against employees who violate this policy.
8. Upon conclusion of the investigation, the results will be reported to the members of the BOS, and others as determined necessary.
9. The Town Administrator will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the Town/Town's losses from the offender, or other appropriate source. The

Town Administrator will also initiate appropriate disciplinary action against employees who violate this policy.

## **Procedures**

### **1. All Employees**

Any employee who has knowledge of an occurrence of fraud or similar irregular conduct, or has reason to suspect that a fraud or similar irregular conduct has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that their supervisor may be involved or does not feel comfortable reporting the occurrence to their supervisor, the employee shall immediately notify the Town Administrator.

Employees have a duty to cooperate during an investigation.

Employees who knowingly make false allegations will be subject to discipline and possible termination of employment.

### **2. Town/Town Management/Elected Officials**

Upon notification from an employee of suspected fraud or similar irregular conduct or if management has reason to suspect that a fraud or similar irregular conduct has occurred, they shall immediately notify the Town Administrator.

### **3. Office of the Town Administrator**

Upon notification or discovery of a suspected fraud or similar irregular activity the Town Administrator will promptly notify the Chief of Police and determine the appropriate process to investigate the suspected fraud or similar irregular activity. In all circumstances, where there are reasonable grounds to indicate that a fraud or similar irregular activity may have occurred, the Town Administrator will inform the BOS and Town Counsel. The Chief of Police will follow proper legal protocols regarding the involvement of the Office of the District Attorney when necessary.

### **4. Contacts/Protocols**

After an initial review and a determination that the suspected fraud or similar irregular activity warrants additional investigation, the Town Administrator and/or Police Chief will notify the BOS. The Town Administrator will coordinate the investigation in consultation with the BOS and, as appropriate, the Chief of Police will coordinate any required criminal investigation.

### **5. Security of Evidence**

Once a suspected fraud or similar irregular activity is reported, the Town Administrator, in consultation with the Chief of Police and Town Counsel, shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing records and placing them in a secure location, limiting access to the location where records currently exist, and preventing the individual suspected of committing the fraud or similar irregular activity from having access to the records. The records must be adequately secured until the Town Administrator and/or Police Department obtains the records to begin the audit investigation.

### **6. Personnel Actions**

If a suspicion of fraud is substantiated by the investigation, disciplinary action shall be taken by the Appointing Authority, in consultation with the Town Administrator (if different), and the BOS.

### **7. Whistle-Blower Protection**

Under Massachusetts General Law Chapter 149, paragraphs 148A, 185 and 187, no employer or person acting on behalf of an employer shall:

Dismiss or threaten to dismiss an employee

Discipline or suspend, or threaten to discipline or suspend, an employee Impose any penalty upon an employee; or Intimidate or coerce an employee because the employee has acted in accordance with the requirements of this policy. The violation of this section will result in discipline up to an including dismissal in accordance with the applicable federal, state, and local administrative laws and policies

## **8. Media Issues**

Any Town employee or elected official contacted by the media with respect to an audit or investigation shall refer the media to the Town Administrator at 508-660-7289. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the Town Administrator.

If the Town Administrator is contacted by the media regarding an alleged fraud or audit investigation, the Town Administrator will consult the BOS Chair, before responding to a media request.

Neither the Town Administrator, nor the BOS will discuss the details of any ongoing fraud or audit investigation with the media that may compromise the integrity of the investigation.

## **9. Documentation**

At the conclusion of the investigation, the results will be reported to the members of the BOS, and others as determined necessary. If the report concludes that the allegations are founded, the report will be forwarded to the Office of the District Attorney and/or the Walpole Police.

## **10. Completion of the Investigation**

Upon completion of the investigation, including all legal and personnel action, any records, documents and other evidentiary material will be returned by the Town Administrator to the appropriate department. Every effort will be made to preserve the confidentiality of the matter as allowed and authorized by law.

## **11. Training**

New employees shall be trained at the time of hiring about the Town's Code of Conduct and Fraud Policy. This training explicitly covers expectations of all employees regarding:

- (1) Their duty to communicate certain matters;
- (2) A list of the types of matters, including actual or suspected fraud, or similar irregular activities to be communicated along with specific examples; and
- (3) Information on how to communicate those matters.