



TOWN OF TRURO

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POLICY MEMORANDUM #44

Date: Adopted May 28, 2010, revisions December 17, 2013; rev 9/13/2022

**This policy was revised at the September 13, 2022 Select Board meeting solely to reflect the titles used in the Town Charter for the Town Manager and Select Board and to modify language to be gender neutral. No changes were made to the content of the Policy at that meeting.*

Subject: **ANTI-FRAUD POLICY AND RESPONSE PROGRAM**

Introduction:

The Town of Truro is committed to its duty of ensuring effective stewardship of public money and other assets and resources for which we are responsible. It is the policy of the Town of Truro to prevent and deter all forms of fraud that could threaten the security of our assets or our reputation. The Town is committed to the prevention, detection, investigation and corrective action relative to fraud.

What is Fraud?

Fraud is a violation of trust that is defined as a deception deliberately practiced to secure unfair or unlawful gain. The term includes but is not limited to such acts as deception, bribery, forgery, extortion, theft, embezzlement, misappropriation of money or assets, false representation, the concealment of material facts relating to any of the above and collusion or conspiracy to commit any or all of the above.

What to do if you suspect fraudulent activity:

The Town recognizes there may only be a suspicion of fraud - thus any concerns should be reported to the Town Manager¹. If the concern involves the Town Manager any concerns should be reported to the Chair of the Select Board. The Town Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy.

Actions:

All cases of suspected fraud will be investigated and appropriate action will be taken.

¹ In the event that a Director of Municipal Finance is appointed, any concerns shall be reported to that individual. Until that time, all concerns shall be reported directly to the Town Manager.

Applicability:

This Policy applies to all employees of the Town of Truro.

Fraud:

Fraud can cover many activities; however this Policy is directed primarily at financial matters. It may include, but is not limited to:

Misappropriation of Assets

- 1) Forgery, alteration or misappropriation of checks, drafts, promissory notes or securities
- 2) Unauthorized use, or disposition of funds or property (for example, misuse of town owned computer hardware, software, data and other records; use of town owned equipment, vehicles or work time for non-town purposes)
- 3) Embezzlement
- 4) Theft
- 5) Falsifying time sheets or payroll records
- 6) Falsifying travel or entertainment expenses and/or utilizing town funds to pay for personal expenses or for personal benefit
- 7) Fictitious reporting of receipt of funds

Fraudulent Financial Reporting

- 1) Improper revenue recognition
- 2) Improper expense/expenditure recognition
- 3) Overstatement of assets
- 4) Understatement of liabilities

Expenditures and Liabilities for Improper Purposes

Payments in money or other property, including but not limited to such things as jobs for families and friends, use of vacation properties, discounted or free services in exchange for benefits and other things of value, bribes and kickbacks

General Policy and Responsibilities:

The Town will investigate any suspected acts of fraud, or misappropriation of property. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the Town of any person, group or organization reasonably believed to have committed fraud. Each Department Head 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.

The Town Manager has the primary responsibility for overseeing the investigation of all suspected fraudulent acts as defined in this policy. The Town Administrator will immediately notify the Board of Selectmen in executive session of any fraud investigation. The Town Manager will involve the Budget Manager/Department Head, The Finance Committee and others within Human Resources, Legal, or management as deemed appropriate.

All department heads or individuals, upon discovery of any violation of this policy, must notify the Town Manager of the violation. If it is determined by the Town Manager that corrective action may be provided for internally within the department, the department head or individual will notify the Town Manager as to the steps taken or to be taken within a specified timetable, to correct the violation.

Upon conclusion of the investigation, the results will be reported to the Select Board in executive session. All significant findings will be reported to Town Counsel. Where there are reasonable grounds to believe that fraud may have occurred, the Town Manager may report the incident to the appropriate authorities, which shall include the and Town Counsel, in order to pursue appropriate legal remedies. The Town Manager will pursue every reasonable effort to obtain recovery of the assets.

Procedures for Reporting:

Any employee who has knowledge of an occurrence of fraudulent conduct, or has reason to suspect that a fraud has occurred, shall immediately notify their respective Department Head. Department Heads shall include the Police Chief and Fire Chief. If the occurrence or suspicion of an occurrence involves the Department Head including Police Chief and Fire Chief, the employee shall report directly to the Town Manager. In cases where the employee has reason to believe the Town Manager may also be involved, the employee shall immediately notify the Select Board in executive session unless the Select Board is also believed to be involved; in such a case employee should report directly to the Town Chief of Police.

A citizen who has knowledge of fraudulent conduct or has reason to suspect that fraud has occurred shall contact or be referred to the Town Manager. In cases where the citizen has reason to believe that the Town Manager may be involved, the citizen shall contact the Chairperson of the Board of Selectmen for an appearance before the Board in executive session.

Investigation:

Upon notification or discovery of a suspected fraud, the Town Manager shall immediately investigate the fraud. The Town Manager and all involved parties will make every reasonable effort to keep the investigation confidential.

When deemed necessary, the Town Manager shall coordinate the investigation with the budget manager/department head and/or the appropriate law enforcement officials. Legal counsel will be involved in the process, as deemed appropriate.

It should be noted that there may be certain instances of fraud that will be handled in the normal course of operations that will not result in a separate “investigation” by the Town Manager. For these cases, periodic communications will be made to the Town Manager by Department Heads updating the Town Manager of any cases noted and actions taken.

Security of Evidence:

Once a suspected fraud is reported, immediate action to prevent the theft, alteration, or destruction of relevant records including, as applicable, electronic records shall be initiated. Such actions may include, but are not limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. The records shall be adequately secured until the investigation is complete.

Confidentiality:

To the extent allowed by law, all participants and all persons questioned in a fraud investigation shall keep the details and results of the investigation confidential so as not to violate an individual's expectation of privacy.

Personnel Actions:

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal and appropriate legal action, shall be taken by the Town Manager in conjunction with the Select Board and Town Counsel.

Whistle-Blower Protection:

No employee of the Town, or person acting on behalf of the Town in attempting to comply in good faith with this policy shall:

- be dismissed or threatened with dismissal;
- be disciplined, suspended, or threatened with discipline or suspension;
- be penalized or any other retribution imposed, or
- be intimidated or coerced

Violation of this section of the Policy may result in disciplinary action, up to and including dismissal.

If an allegation is made in good faith, but it is not confirmed by the investigation no action will be taken against the originator. If, however, the allegations were made in bad faith or without a justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation.



Kristen Reed



Robert Weinstein, Vice-Chair



John Dundas, Clerk



Susan Areson



Stephanie Rein
Town of Truro, Select Board