

A RESOLUTION of the Council of The Town of Leonardtown to Adopt an Anti-Fraud Policy

RESOLUTION

WHEREAS, The Mayor and Council of The Town of Leonardtown are committed to protecting the Town's revenue, property, information, and other assets from any attempt by employees, administrators, elected officials, volunteer boards and committees, as well as consultants, contractors, and/or other parties to gain financial or other benefits by deceit; and


WHEREAS, The Mayor and Council are committed to the highest standards of moral and ethical behavior and will not tolerate any type of fraud, theft, waste, or abuse; and

WHEREAS, the Government Finance Officers Association recommends that every government establish policies and procedures to encourage and facilitate the reporting of fraud or abuse and questionable accounting or auditing practices;

NOW, THEREFORE, BE IT RESOLVED, on this 11th day of March 2013, The Council of The Town of Leonardtown hereby adopts the attached Anti-Fraud Policy.

ATTEST:

THE COMMISSIONERS OF LEONARDTOWN:



Laschelle E. McKay
Town Administrator



Thomas R. Collier, Councilmember



Hayden T. Hammett, Councilmember



J. Maguire Mattingly, IV, Councilmember



Roger L. Mattingly, Councilmember



Leslie E. Roberts, Councilmember

APPROVED BY THE MAYOR this 11th day of March, 2013.



Daniel W. Burris, Mayor



THE COMMISSIONERS OF LEONARDTOWN
ANTI-FRAUD POLICY

ADOPTED MARCH 11, 2013

RESOLUTION 1-13

THE COMMISSIONERS OF LEONARDTOWN ANTI-FRAUD POLICY

INTRODUCTION

The Mayor and Council of the Town of Leonardtown are committed to protecting the Town's revenue, property, information, and other assets from any attempt by employees, administrators, elected officials, volunteer board or committee members, as well as consultants, contractors and/or other parties to gain financial or other benefits by deceit. The Mayor and Council are committed to the highest standards of moral and ethical behavior and will not tolerate any type of fraud, theft, waste, or abuse.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for preventing, identifying, reporting, and investigating fraud and other similar irregularities. Although this document specifically refers to fraud, it equally applies to any forms of malpractice that can reduce public confidence in the Mayor and Council.

POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. It shall develop an anti-fraud culture which promotes consistent, legal, and ethical organizational behavior. To achieve this, the Mayor and Council will:

- communicate this policy to employees and other parties that do business with the Town
- maintain effective controls to prevent fraud
- assign responsibility for reporting fraud and other similar irregularities
- ensure that a prompt investigation takes place if fraud occurs
- take appropriate disciplinary action
- periodically review control systems to account for staffing modifications or re-assignment of duties

FRAUD AWARENESS

Managers are the first line of defense against fraud, theft, waste, or abuse. They are responsible for being aware of the potential for improprieties and ensuring that an adequate system of internal controls exists within their area of responsibility. They shall review and test control systems to satisfy themselves that the systems continue to operate effectively.

Employees shall be provided a copy of this fraud policy and are expected to read and understand its content. Each employee shall sign a form indicating they have done so.

DEFINITIONS AND EXAMPLES OF FRAUD, THEFT, WASTE, AND ABUSE

Fraud is defined as deliberate deception designed to obtain a benefit or advantage. Examples of fraud include:

- Any dishonest or fraudulent act
- Impropriety in the handling or reporting of money or financial transactions
- Forgery or alteration of any document or account belonging to the Town
- Misappropriation of funds, securities, supplies, inventory, or any other asset including furniture, computers, fixtures or equipment
- Authorizing or receiving payments for hours not worked
- Profiteering as a result of insider knowledge of Town activities
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Town. Exception: gifts less than \$20 in value as stated in the Town's ethics ordinance. Copies of this ordinance are available at the Town office.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity

Theft is defined as the dishonest taking of property belonging to another. An example of theft is taking home a printer belonging to the Town and keeping it for personal use.

Waste is the loss or misuse of Town resources that results from deficient practices, system controls or decisions. An example of waste is not taking advantage of early payment discounts on goods or services.

Abuse is the intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources, such as tools, vehicles, computers, copy machines, etc. Examples of abuse would be using a Town vehicle to move personal belongings or making personal phone calls that are paid by the Town.

RESPONSIBILITY TO REPORT SUSPECTED FRAUD, THEFT, WASTE, OR ABUSE

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

Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that a fraud has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify the Mayor.

Upon notification from an employee of suspected fraud, or if the supervisor has reason to suspect that a fraud has occurred, the supervisor shall immediately notify the Mayor.

Upon notification of suspected fraud, or if the Mayor has reason to suspect that a fraud has occurred, the Mayor shall consult with legal counsel, promptly conduct an initial review and make a determination whether there appears to be reasonable grounds for suspecting that a fraud has taken place. If so, they will coordinate the path of investigation and appoint an investigator. The investigator may be the town attorney, a senior member of the town staff or an appropriate law enforcement agency. If the investigation substantiates that fraudulent activities have occurred, a report shall be issued to the Council and other appropriate designated personnel.

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

There may be instances of prohibited actions that do not rise to the level of fraud, but nonetheless are required to be reported. It is up to the investigator to make this determination.

CONFIDENTIALITY

The Town shall treat all information received confidentially. Employees may choose to remain anonymous by preparing a written statement and sending it confidentially to the Mayor. All parties involved in the investigation shall make every effort to protect the identity of the person who, in good faith, reported the suspected fraud. However, disciplinary action may be taken if a report is made in bad faith.

The reporting individual shall also observe strict confidentiality and allow the investigator to conduct the investigation. He or she shall not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the investigator.

DISCIPLINARY ACTION

Employees and administrators

If an investigation substantiates a fraudulent claim, disciplinary action, up to and including dismissal, shall be taken by the Mayor in consultation with legal counsel.

Consultants, vendors, contractors, outside agencies, and/or any other parties having a business relationship with The Commissioners of Leonardtown

Failure to comply with any part of this policy by a business associate could result in cancellation of the relationship.

If warranted, the appropriate law enforcement agency will be notified.