



TOWN OF ERVING

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ADM-120

Policy

Fraud Prevention Policy

Approved: _____

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Select Board Chair, Jacob A. Smith

Date: November 28, 2022

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.01 Issue Date / Effective Date

This policy is issued and effective on November 28, 2022.

.02 Purpose

The Town of Erving recognizes the importance of protecting the Town, its operations, its citizens, its taxpayers, its employees and its assets against financial risks and unethical activities. It is the policy of the Town to institute and clearly communicate a fraud prevention policy in an effort to prevent and deter all forms of fraud that could threaten the security of our assets and our reputation.

Erving has a Zero Tolerance policy with regard to fraud and is committed to undertake the following steps as part of its anti-fraud policy:

1. Education
2. Prevention
3. Detection
4. Investigation
5. Corrective Action

.03 Education

The most effective way to reach most employees is through education. In an effort to actively fight fraud, the Town has implemented policies and procedures that prevent and detect fraud. Erving's goal is to

establish and maintain an environment of fairness, ethics and honesty. To maintain such an environment requires the active assistance of every employee, every day.

.04 Definition of Fraud

Fraud is defined as a deception deliberately practiced to secure unfair or unlawful gain. The term includes such acts as: bribery, deception, embezzlement, extortion, false representation, forgery, the concealment of material facts, the misappropriation of money or assets and collusion or conspiracy to commit any or all of the above acts. Acts of fraud may include:

- Breach of fiduciary duty;
- Bribery;
- Concealment of material facts;
- Theft of money or physical property;
- Theft of secrets or intellectual property; and;
- Other statutory offenses.

.05 Fraud

Fraud, as defined by this policy, includes any misuse or attempt to misuse a Town asset for personal gain or purposes unrelated to Town business. It may include, but is not limited to:

- Misappropriation of Assets
- Forgery, alteration or misappropriation of cash, checks, bank drafts, promissory notes, securities or any other financial document
- Unauthorized use or disposition of funds or property
- Falsifying timesheets or payroll records
- Falsifying travel expenses and /or utilizing Town funds to pay for personal expenses or for personal benefit
- Theft
- Embezzlement
- Fictitious reporting of receipt of funds
- Falsification of expenses and invoices

Fraud in all of its forms is expressly prohibited.

.06 Profiteering

Profiteering includes offering, giving, soliciting and/or accepting an inducement or reward that may improperly influence the action of an employee of the Town and/or School Department and is expressly prohibited.

.07 Related Regulations

This is a Town-wide policy that is designed to augment M.G.L. c. 268A - "The Conflict of Interest Law". It is not intended to replace or supersede M.G.L. c. 268A in any way.

.08 Internal Controls / Investigations

The Town Administrator and Auditor, or their respective designee, shall be responsible for developing internal controls to aid in preventing and detecting fraud or financial impropriety or irregularity. Reports of suspected fraudulent activities shall be investigated in a manner that protects the confidentiality of the parties and avoid unfounded accusations. Employees involved in the investigation shall be advised to keep information about the investigation confidential.

If a preliminary investigation substantiates the occurrence of a fraudulent activity, the Department Head, or designee, who conducted the preliminary investigation shall issue a report to Town Administrator.

Final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with the Town's legal counsel. Results of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know, or in accordance with a requirement to disclose in accordance with applicable law.

.09 General Policies and Responsibilities

The Town Administrator, or his/her designee, is responsible to investigate any alleged or suspected acts of fraud or misappropriation of property. An objective investigation will be conducted of any person, group or organization reasonably believed to, or alleged to, have committed fraud, regardless of position, job title, and length of service or relationship with the Town. Department heads are responsible for instituting and maintaining programs and controls to prevent, deter and detect fraud.

All Town employees, upon discovery of any violation of this policy, must notify his/her supervisor of the violation through the normal chain of command.

The Town Administrator or his/her designee has the primary responsibility for overseeing the investigation of all suspected fraudulent acts as defined in this policy. The Town Administrator will involve such individuals, but not limited to: the Auditor, Town Treasurer, Town Law Enforcement, Legal Counsel and others deemed appropriate.

Upon conclusion of the investigation, the results will be reported to the Town Administrator, or their designee. If there are reasonable grounds to believe that a fraud may have occurred, the Town Administrator may report the incident(s) to the appropriate authorities.

Whatever action is taken by such appropriate authorities will not preclude the Town from taking disciplinary action, up to and including termination from employment. In addition, every reasonable effort will be pursued to recover Town assets lost as a result of the misconduct.

.10 Security of Evidence

Once a suspected fraud is reported, immediate action to prevent the theft, alteration, or destruction of relevant records shall be initiated. The records will be adequately secured until the investigation is complete, and the matter is concluded.

.11 Confidentiality

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

.12 Personnel Actions

If a suspicion or allegation of fraud is substantiated by the investigation the Town Administrator, or appointing authority, shall take disciplinary action, up to and including dismissal, as well as any appropriate legal action. Such disciplinary action may be taken independent of any findings and conclusions reached by any appropriate law enforcement agency or authority to whom the fraud allegations are reported.

If an allegation of fraud is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, the allegation was made in bad faith or without a justifiable basis, after investigating the motivation behind the allegations, appropriate disciplinary action may be taken against the individual making the erroneous allegation, up to and including termination.