



POLICY No.: F-6
DATE ADOPTED: JUNE 4, 2008

TOWN OF WEST BOYLSTON BOARD OF SELECTMEN POLICY

Policy on Fraud Prevention and Detection

Purpose: The Board of Selectmen and Town Administrator agree to establish procedures to follow for fraud prevention and detection.

Policy:

1. BACKGROUND

This Town of West Boylston Fraud Prevention and Detection Policy (Policy) is established to facilitate the development of controls, which will aid in the prevention and detection of fraud against the Town of West Boylston (Town). It is the intent of the Town to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Furthermore, the purpose of this document is to confirm that the Town supports and fosters a culture of zero tolerance towards fraud in all of its forms.

2. AUTHORITY

This Policy derives its authority from Section 3 of MGL Ch 23 of 1995, which states: The executive power of the town shall be vested in the Board of Selectmen who shall serve as the chief policymaking board of the town.

3. APPLICABILITY

This Policy applies to the Board of Selectmen, the School Committee and all other elected Town officials; their appointees; all employees of the Town of West Boylston, including all enterprise operations and all members of its Boards, Committees or Commissions.

This policy also applies to any other person's "acting on behalf of the Town", vendors and contractors, consultants, volunteers, temporary and casual employees and grant sub-recipients.

4. SCOPE

This Policy applies to any suspected fraud, abuse, or similar irregularity against the Town.

5. OBJECTIVE

This Policy is set forth to communicate the Town's intentions regarding prevention, reporting and investigating suspected fraud, abuse and similar irregularities. The Town desires to create an environment in which employees and/or citizens can report any suspicions of fraud.

Further, this policy is set forth to communicate the Town's desire to protect the assets, resources and reputation of West Boylston. It is through this policy that the Town also seeks to protect all officials, employees and associated parties from false or erroneous allegations by providing them with sufficient knowledge and training relative to the Town's fraud prevention policies and procedures to ensure that they fully understand the culture of the environment they are operating within.

This Policy provides management with specific guidelines and responsibilities regarding appropriate actions in conducting investigations of alleged fraud and similar improprieties.

6. DEFINITIONS

Abuse refers to, but is not limited to:

- Improper or misuse of authority,
- Improper or misuse of Town property, equipment, materials, records or other resources,
- Waste of public funds, or
- Any similar or related irregularity.

Abuse can occur in financial or non-financial settings. When considering if an event or action might be construed as being abusive, one should consider if it would pass public scrutiny.

Any Other Persons "Acting on behalf of the Town" shall mean all persons responsible for or to the municipal government and/or the Town's enterprises placed in that position by some official relationship with the Town of West Boylston.

Appointed Officials shall mean all persons responsible for or to the municipal government and the Town's enterprises placed in that position via an appointment.

Consultants shall mean all individuals and organizations conducting business with or on behalf of the municipal government and all of the enterprises of the Town.

Elected Officials shall mean all persons responsible for or to the municipal government and the Town's enterprises placed in that position by the voters of West Boylston via a town ballot.

Fraud or other irregularity refers to, but is not limited to:

- Any dishonest or fraudulent act,
- Forgery or alteration of any document or account,
- Forgery or alteration of a check, bank draft, or any other financial document,
- Misappropriation of funds, securities, supplies or other assets,

- Impropriety in the handling or reporting of money or financial transactions,
- Profiteering as a result of insider knowledge of Town activities,
- Disclosing confidential and/or proprietary information to outside parties,
- Accepting or seeking anything of material value from consultants, contractors, vendors or persons providing services or materials to the Town,
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment,
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Town,
- Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes, or
- Any similar or related irregularity.

Grant Sub-recipients shall mean all individuals and organizations that receive any programmatic funding or “in-kind assistance” from the municipal government and the Town’s enterprises.

Management shall mean those individuals who have been placed in a position of trust by a lawful Town of West Boylston appointing authority to assist in carrying out the objectives of that department of the Town for which they are employed.

Town Administrator shall mean highest-ranking person responsible for the municipal government and the Town’s enterprises.

Town Employee shall mean all employees of the municipal government and all of the enterprises of the Town. This definition is inclusive of all employees regardless of the designations full-time, part-time, temporary or casual.

Town of West Boylston is a Massachusetts municipal corporation managed as provided under Chapter 23 of the Acts of 1995 and, and shall include all its enterprise activities, as well as all Boards, Committees, and Commissions elected or appointed by the Board of Selectmen and other appointing authorities.

Vendors and Contractors shall mean all individuals and organizations conducting business with or on behalf of the municipal government and all of the enterprises of the Town.

Volunteers shall mean all contributors of unpaid personal services to the municipal government and all of the enterprises of the Town.

7. GENERAL POLICY AND RESPONSIBILITIES

RESPONSIBILITIES

The Town has a responsibility to investigate and report to appropriate governmental authorities, as required, any violations of compliance with Town policy, State and Federal Laws and regulations, internal accounting controls and questionable accounting matters.

Town of West Boylston management is responsible for establishing and maintaining policies and controls that provide security and accountability for the resources entrusted to them. Internal controls are intended to aid in preventing and detecting instances of fraud and related misconduct. Management is also expected to recognize risks and exposures inherent in their area of responsibility and be aware of indications of fraud or related misconduct. Responses to such allegations or indicators should be consistent.

Every employee has the responsibility to assist the Town in complying with policies and legal and regulatory requirements, and in reporting known violations. It is the policy of the Town to encourage the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

REPORTING

Employees should report suspected instances of fraud or irregularity to their immediate supervisor or their next appropriate management level. However, in certain circumstances, it may be appropriate for employees to report suspected instances of fraud or irregularity directly to the Finance Director (If the alleged fraud has been committed by the Employee's supervisor.)

It is the responsibility of a supervisor or relevant manager to ensure that the suspicion of fraud and/or irregularity that is reported to them is reported as soon as practical to the Finance Director. The written or verbal report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. In the event that the Finance Director is the subject of, or otherwise identified as involved in the acts underlying such report, the person making the report may notify and forward such report to the Town Administrator who will then lead the investigation and the Town Administrator shall immediately report such allegations to the Chairman of the Board of Selectmen.

Town employees are not to initiate investigations on their own. However, anyone may report suspected violations or concerns by letter to the Finance Director and should indicate that he or she is an employee of the Town. The report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. Mark the envelope "Confidential and Private". It is the policy of the Town that anyone who reports a violation may make such report confidentially and offsite.

There shall be no retaliation by the Town's employees against any employee who makes a report pursuant to this policy even if after investigation the Finance Director determines that there has not been a violation of any applicable Town policy, State or Federal laws and regulations or internal accounting controls. However, employees who make reports or provide evidence which they know to be false or, without a reasonable belief in the truth and accuracy of such information, may be subject to disciplinary action.

ANONYMOUS ALLEGATIONS

The Town encourages individuals to put their names to allegations. Concerns expressed anonymously are difficult to investigate; nevertheless they will be followed up at the discretion of management. This discretion will be applied by taking into account the following:

- Seriousness of the issue raised;

- Credibility of the concern; and
- Likelihood of confirming the allegation.

FALSE ALLEGATIONS

Employees or other parties must understand the implications (resources and costs) of undertaking investigations and should therefore guard against making allegations, which are false and made with malicious intent. Evidence of malicious intent will result in disciplinary action, and may include termination.

TRAINING, EDUCATION, AND AWARENESS

In order for the Policy to be sustainable, it must be supported by a structured education, communication and awareness program.

It is the responsibility of management to ensure that all employees and other parties, are made aware of, and receive appropriate training and education with regard to this Policy, and the related policies and procedures of the Town.

INVESTIGATION

It is the Town Administrator's intent to fully investigate any suspected acts of fraud, abuse, or similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service, or relationship with the Town of any party involved in such an investigation. In conducting investigations, the Finance Director will consult with and receive guidance from the Town Attorney, the West Boylston Police Department and others they identify.

MEDIA ISSUES

Any staff person contacted by the media with respect to an audit investigation is encouraged to refer the media to the appropriate public communications official of the Town. The alleged fraud or audit investigation should not be discussed with the media by any person other than those trained to do so. The Town Administrator and Finance Director will consult with the management of the department involved and assist them in responding to any media requests for information or interview.

REPORTING TO EXTERNAL AUDITORS

The Finance Director will report to the external auditors of the Town all information relating to fraud investigations, in accordance with Statement on Auditing Standard 99 - Consideration of Fraud in a Financial Statement Audit, as issued by the Financial Accounting Standards Board.

WHISTLEBLOWER PROTECTION

In addition to whistleblower protections provided by federal and state laws, this policy provides that retaliation against employees is prohibited.

A. Except as provided in subsection B of this section, no appointing authority or supervisor shall initiate or administer any disciplinary action, deny a promotional opportunity, write an adverse job performance evaluation or in any way adversely affect an employee on account of the employee's disclosure of information. This section shall not apply to:

1. An employee who discloses information that the employee knows to be false or who discloses information with disregard for the truth or falsity of the information.
2. An employee who discloses information from public records that are closed to public inspection pursuant to the Massachusetts Public Records Law.
3. An employee who discloses information that is confidential under any other provision of law.

B. It shall be the obligation of an employee who discloses information under this part to make a good faith effort to provide to their supervisor or appointing authority or the Finance Director, the information to be disclosed prior to its public disclosure.

SECURITY AND CONFIDENTIALITY

All work products of the Finance Director's investigations, including but not limited to working papers, notes, interviews, and other information relating to investigations will not be shared, discussed, or given to anyone without an absolute need to know or pursuant to Court Order. The Finance Director will provide a secure environment for the storage of all work-in-process regarding investigations, subject to law.