

**Town of Mashpee
Board of Selectmen**

Policy No: 60

Anti-Fraud Policy

AUTHORITY

The Town Manager has the primary responsibility for the investigation of all suspected acts of fraud as defined in this policy as well as for the institution of practices aimed at preventing future fraudulent acts.

PURPOSE

It is the policy of the Town of Mashpee to prevent any and all fraudulent activity that could threaten the security of the Town's assets, resources or reputation. Consequently, the Town is committed to policies aimed at the prevention, detection, investigation, and corrective actions related to fraud.

APPLICABILITY

This policy applies to all paid and unpaid employees and elected officials of the Town.

While fraud can involve many activities, this policy is directed primarily at financial matters, including but not limited to misappropriation of assets and fraudulent financial reporting.

DEFINITIONS

"Fraud" means a violation of trust that is defined as deception deliberately practiced to secure unfair or unlawful gain, including deception, bribery, forgery, extortion, theft, embezzlement, false representation, and misappropriation of money or assets.

"Fraudulent Financial Reporting" includes, but is not limited to, the following: improper revenue recognition, improper expense recognition, overstatement of assets, and understatement of liabilities.

"Misappropriation of Assets" includes, but is not limited to, the following: forgery, alteration of financial instruments, unauthorized use of or disposition of funds or property, embezzlement, theft, falsifying time sheets or payroll records, falsifying travel or entertainment expense, use of Town funds to pay for personal expenses or benefits, improper reporting of receipt of funds.

"Town" means the Town of Mashpee.

"Whistle blower" means a person who witnesses or identifies an act of fraud, or suspected acts of fraud, and notifies the appropriate official as required in this regulation.

REGULATIONS AND RESPONSIBILITIES

The following sections outline specific regulations and procedures for evaluating suspected fraud within the organization:

1. **Department Responsibilities**

Each Department Head should be familiar with the types of fraudulent activities that could take place within their areas of responsibility. Department Heads are responsible for establishing, maintaining, and monitoring a risk assessment program and system of internal controls to provide assurances for the prevention and detection of fraud, misappropriations, and other irregularities.

2. **Notification of Fraud**

Any Department Head, on the discovery of an act of fraud, or suspected acts of fraud, must immediately notify the Town Manager.

Further, any employee of the Town who has knowledge of fraudulent conduct, or has reason to suspect that fraud has occurred, shall immediately notify the Town Manager.

When a Department Head or employee has reason to believe that the Town Manager may be involved with a fraudulent activity, the Department Head or employee shall immediately notify the Chairman of the Board of Selectmen.

3. **Protection of Records and Documents**

Once an act of fraud or suspected acts of fraud has been reported, the Town Manager shall take whatever action is necessary to secure all records and documents pertinent to the case and to prevent the theft, alteration, or destruction of those records.

If the focus of such suspicion is the Town Manager, the Town Accountant shall be immediately informed by the Chairman of the Board of Selectmen, and shall take whatever action is necessary to secure all records and documents pertinent to the case and to prevent the theft, alteration, or destruction of those records.

4. **Investigation of Fraud**

The Town Manager will conduct an impartial investigation of any suspected acts of fraud or misappropriation of funds or property. Upon doing so, the Town Manager shall notify the Board of Selectmen of said investigation.

Where there are reasonable grounds to believe that fraud has occurred, the Town Manager shall report the incident to the Board of Selectmen and other legal authorities, who may then pursue appropriate legal remedies.

In conducting an investigation, the Town Manager shall consult with Town Counsel, Department Heads, and any paid or unpaid employees as defined in Section 3.0 of this policy, as appropriate. The Town Manger shall also coordinate with law enforcement officials when necessary.

When the Town Manager is suspected of fraud, the above procedure shall be followed by the Board of Selectmen.

5. Investigation Results

Upon the conclusion of the investigation, the results will be reported to the Board of Selectmen, and policies and practices will be instituted to prevent a recurrence of the fraudulent activity.

6. Recovery of Losses

The Town Manager and/or Department Head will make all reasonable efforts to recoup and recover any monetary or other loss of assets incurred by the Town as a result of the fraud.

WHISTLE-BLOWER

All personnel subject to this policy are protected from retaliation in connection with their identification of suspected instances of fraud.

1. Reporting Protection

No employee of the Town, or person acting on behalf of the Town, in attempting to comply with this policy by reporting a fraudulent act or suspected fraudulent acts to the appropriate authorities, shall be dismissed, disciplined, suspended, or otherwise penalized.

2. Allegations Made in Good Faith

If an allegation is made in good faith, but is not confirmed by the investigation, no action will be taken against the originator of the allegation.

3. Allegation Made in Bad Faith

If an allegation is made in bad faith or without a justifiable basis, appropriate disciplinary action may be taken against the individual making the false allegation.

CONFIDENTIALITY

All participants and all persons questioned in a fraud investigation shall keep the details and results of the investigation confidential. Failure to do so could result in disciplinary action.

PENALTIES

Penalties for violating any provision of this policy, including the commission of a fraudulent act, the failure to report a fraudulent act, engaging in threatening or intimidating behavior made against a person who makes a fraudulent act known, or a breach in confidentiality may result in suspension, dismissal, and/or appropriate legal action.

*Adopted by the
Mashpee Board of Selectmen
July 11, 2011*