

# **City of Florence**

## **Fraud Policy**

December 2012

**CITY OF FLORENCE  
CREDIT CARD POLICY  
TABLE OF CONTENTS**

<b><u>Description</u></b>	<b><u>Section</u></b>
<b>PURPOSE .....</b>	<b>1</b>
<b>SCOPE .....</b>	<b>2</b>
<b>POLICY .....</b>	<b>3</b>
<b>DEFINITIONS OF FRAUD .....</b>	<b>4</b>
<b>RESPONSIBILITIES AND PROCEDURES .....</b>	<b>5</b>
<b>ANTI-FRAUD COMMITTEE .....</b>	<b>6</b>
<b>DISCIPLINARY ACTION .....</b>	<b>7</b>
<b>DISTRIBUTION .....</b>	<b>8</b>
<b>ADMINISTRATION .....</b>	<b>9</b>

## **City of Florence Fraud Policy**

### **Section 1 Purpose**

The City of Florence is committed to the highest standards of moral and ethical behavior by its employees, elected officials, volunteers, vendors, and contractors to strengthen the public's trust in the integrity of our municipal government. This policy memorializes responsibilities and procedures for reporting, investigating and resolving suspected acts of fraud, theft, waste, abuse and ethical misconduct. It will provide a structure to encourage the reporting of any suspicions of violations of this policy and will ensure that employees are able to discuss concerns in a secure and confidential environment.

### **Section 2 Scope**

This policy is applicable to all City of Florence employees, elected officials, and volunteers, as well as outside consultants, contractors, and vendors who have a business relationship with the City. This policy is not intended to supersede inconsistent provisions of an applicable collective bargaining agreement.

### **Section 3 Policy**

Through all levels of management, City employees and officials are responsible for the prevention and detection of fraud, misappropriation of City funds, and related inappropriate conduct. It is the City's intent to fully investigate any suspected acts of fraud, theft, abuse, waste or unethical behavior, in an impartial manner regardless of the suspected wrongdoer's length of service, position, title or relationship to the City.

Any violation of this policy that is detected or suspected by City employees, elected officials, volunteers as well as outside consultants, contractors and vendors, who have a business relationship with the City, must be reported immediately to the City Manager or the Anti-Fraud Committee as outlined in the Responsibilities and Procedures section of this policy. The Anti-Fraud Committee will determine who will investigate the suspected fraudulent activity in accordance with this policy.

Any employee found to have violated this policy will be subject to disciplinary action up to and including dismissal and prosecution by the appropriate authorities. Elected officials, volunteers and others having a business relationship with the City may be subject to sanctions and prosecution by the appropriate authorities.

**Section 3**  
**Policy, continued**

The City intends to pursue every reasonable legal remedy when a violation occurs and to seek recovery of any losses from the offender, including when appropriate, notification to its bonding company, court ordered restitution, or other available remedies.

**Section 4**  
**Definitions of Fraud**

Fraud: An intentional illegal use of City assets by any act including, but not limited to, theft, embezzlement or misrepresentation. Fraud is designed to obtain a benefit or advantage or deny a benefit that is due. Examples include, but are not limited to:

- Forgery or alteration of a check, document, or account belonging to the City
- Misappropriation<sup>1</sup> of City funds, securities, supplies, or property
- Unauthorized personal use of City equipment and supplies
- Personal use of City credit cards
- Profiteering as a result of insider knowledge
- Theft of cash, checks, property or procurement cards
- Falsifying records such as timecards, expense reports or official documents
- Willful destruction of City property
- Selling confidential information for personal gain
- Accepting or seeking anything of material value for personal gain from contractors, vendors, or persons providing services/materials to the City or City job applicants.

Waste: The expenditure or allocation of resources significantly in excess of need. Examples include, but are not limited to:

- Unauthorized use or misuse of City facilities, equipment or vehicles
- Falsifying time worked or leave taken on a timesheet
- Retaining ineligible dependents on health care coverage
- Unnecessary incurring of costs as a result of grossly inefficient or negligent practices, systems or controls.

---

<sup>1</sup> Misappropriation: To illegally use public funds or assets, which have been set aside for a specific purpose, for personal gain.

**Section 4  
Definitions of Fraud,  
continued**

Abuse of Position: Use of employment or official position with the City to obtain personal gain or benefit to which one is not entitled. Examples include, but are not limited to:

- Obtaining a benefit or service from the City which one does not qualify
- Providing a benefit or service to someone for which they do not qualify
- Unauthorized reductions in fees or fines
- Suspending or terminating enforcement action based on a personal relationship
- Improperly influencing a contract procurement process.

Ethical Misconduct: Conducting official duties in a manner which is improperly prejudicial, using an official position for personal gain, or failing to properly disclose an actual or potential conflict of interest. See the City's Ethics Code of Conduct for details.

Examples include, but are not limited to:

- Authorizing contracts in violation of purchasing laws
- Failing to disclose an actual or potential conflict of interest
- Accepting gifts prohibited by Oregon ethics laws

Job Application Fraud: Knowingly providing false information on a job application or in the job application process.

**Section 5  
Responsibilities and  
Procedures**

Management and Employees: Managers, supervisors, and administrators at all levels are responsible for maintaining a system of internal controls which prevent, deter, or detect fraud, theft, waste, abuse, and unethical or dishonest behavior.

Managers, supervisors, and administrators are also expected and required to recognize risks and potential exposures that may be inherent within their areas of responsibility, to be alert to any indication of irregularity or potential violation of this policy, and to know and follow the requirements set forth in this policy.

Employees shall report any suspected or detected violation of this policy, fraud, theft, waste, abuse and other unethical or dishonest conduct. An employee may choose to report immediately the suspicion or detection to their department director, who in turn must immediately report the information to the City Manager or the Anti-Fraud Committee. If the employee is not comfortable reporting directly to their department director, the employee may immediately report their suspicion directly to the City Manager or

**Section 5  
Responsibilities and  
Procedures, continued**

Anti-Fraud Committee. Suspected fraudulent activity<sup>2</sup> or violations of this policy involving the City Manager's Office must be reported to the Anti-Fraud Committee immediately.

The employee reporting suspected violations of this policy or fraudulent activity may choose to identify themselves or to remain anonymous. The identity of an employee or complainant who reports suspected fraudulent activity will be protected to the fullest extent possible, but the City cannot guarantee confidentiality. It is the City's intent to protect an employee who discloses information of suspected fraudulent activity from retaliatory actions by other individuals in accordance with Oregon Revised Statute 659A.200 - .224 (Whistleblower Law) which prohibits adverse personnel actions against an employee for disclosing this information. Retaliation against an employee or other person who reports a detected or suspected violation of this policy is prohibited. Any employee who retaliates against a person for reporting a detected or suspected violation of this policy will be subject to discipline up to and including termination of employment.

In all cases, the reporting employee must provide enough detail about the activity to aid in the investigation. All employees, which include management employees, will cooperate with the Anti-Fraud Committee and investigators and will not by any means personally investigate the suspected fraud, or contact the suspected individual in an effort to determine facts or demand restitution.

All employees shall cooperate with the investigative processes of the Committee and law enforcement agencies including prosecution of offenders. To the extent applicable to an employee under investigation, investigations will be conducted in accordance with collective bargaining agreements, statutory requirements, and constitutional standards. Unless otherwise directed by the Anti-Fraud Committee, or otherwise required by lawful authority, all participants in a fraud investigation will keep details and results of the investigation confidential. All inquiries from suspected individuals and their legal representatives must be directed to the City Manager. Proper response to such an inquiry is, "I am not authorized to discuss this matter."

---

<sup>2</sup> Fraudulent activity for the purpose of this policy encompasses fraud, theft, waste, and abuse, unethical and all other dishonest conduct.

**Section 6  
Anti-Fraud  
Committee**

The City's Anti-Fraud Committee will be comprised of the City Manager, a City Council Member, and Human Resources. The Committee will appoint the investigator and oversee and coordinate all actions taken during the course of the investigation. The investigator will have access to all relevant city files in order to facilitate investigative work as permitted by city policy and state and federal law. All investigations conducted by the Committee are considered part of the audit process and the working papers will be kept confidential in accordance with state statutes and administrative rules regarding public records.

Great care must be taken in the investigation of suspected fraudulent activity to avoid making mistaken accusations, alerting suspected individuals that an investigation is under way, or making any statement which could provide a basis for a suit for false accusation or other claims.

The Committee will evaluate the extent of any potential criminal activity, including consulting the City's attorney if needed. If any potential prosecutable criminal activity exists, the Police Department or other appropriate law enforcement agency will be notified and conduct the investigation. The Committee will assist with the investigation if law enforcement requests such assistance. In every case, the City will cooperate fully with the investigating and prosecuting authorities. If no potentially prosecutable criminal activity exists, the City Manager will conduct the investigation with the assistance of other appropriate City officials.

If fraudulent activity is detected or reasonably suspected of the City's attorney, City Manager, or Municipal Judge, Human Resources will apprise the Mayor and Council of the investigation and update them on progress as deemed appropriate.

In cases where the suspected fraudulent activity involves the offices of the City Manager or Municipal Judge the Committee will determine the investigation process and assign an investigator. The City's attorney will be apprised of the investigation and updated on progress as deemed appropriate by the investigator.

The City Manager, or designee, or Human Resources Director, as appropriate, may notify the Mayor and Council of a reported allegation of fraudulent activity upon the start of the investigation to the extent practical. The Mayor and Council will be apprised of

**Section 6  
Anti-Fraud  
Committee, continued**

the progress of the investigation as deemed appropriate by the City Manager or Human Resources Director. At the conclusion of the investigation, a confidential report will be issued and distributed to the Mayor, City Council, City Manager and City Attorney. After their review, a copy of the report will be provided to the appropriate department head and the Finance Director.

**Section 7  
Disciplinary Action**

If a suspected or detected violation of this policy is substantiated by an investigation, the City will take the appropriate action in conformance with City and departmental personnel policies and procedures, and union contracts if applicable. Violations of the City's Fraud Policy will result in disciplinary actions up to and including immediate dismissal.

**Section 8  
Distribution**

All City employees, volunteers and elected officials will be given a copy of this policy. All newly hired employees and appointed volunteers will be provided a copy as part of orientation and required to provide a written acknowledgement which will be retained by the Human Resources Department.

**Section 9  
Administration**

The City Manager is responsible for the administration, revision, interpretation and application of this policy. The policy will be reviewed and revised as needed.

**ACKNOWLEDGEMENT OF RECEIPT OF CITY OF FLORENCE FRAUD POLICY**

I hereby acknowledge the receipt of a copy of the City of Florence Fraud Policy. I agree to read and familiarize myself with the contents and I understand I will be responsible for adhering to this Policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Relationship to the City  
(Employee/Volunteer/Elected)