

TOWN OF NEWTON

FRAUD POLICY

(Adopted on April 6, 2009)

1. PURPOSE

Financial accountability is a top priority for the Town of Newton. The Town's Fraud Policy formalizes the expectations of personal honesty and integrity required of Town Officials and Employees. Newton recognizes the importance of protecting the Town, its taxpayers, its revenue, property, information and other assets from any attempt of fraud or misuse and sets forth specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities. Therefore, the Board of Selectmen and Management must clearly communicate the fraud prevention policy to both internal and external customers, vendors and employees.

2. ORGANIZATIONS AFFECTED

All Departments and Divisions of the Town of Newton.

3. DEFINITIONS

As used in this policy, the terms listed below shall have the following definitions:

1. *Embezzlement* is any loss resulting from the misappropriation of the Town of Newton assets.
2. *Misappropriate* is to take or make use of any item without authority or right.
3. *Loss* is defined as the Town of Newton losing possession or control of any type of asset through fraudulent activities.
4. *Fraud* is the intentional misrepresentation or omission of facts for personal gain.
5. *Employee(s)* refer to all Town of Newton employees, independent contractors, consultants, and temporary workers.
6. *Assets* refer to the entire property of the Town, association, corporation, or estate applicable or subject to the payments of debts. Assets include, but are not limited to, all Town vehicles and building properties, computers and software, cash receivables, wages and benefits.
7. *Equipment* is defined as a fixed asset that is not consumable or expandable; it is movable, even though sometimes attached to other objects or buildings; and its removal does not create a readily observable physical impairment or deterioration. (Examples include, but are not limited to: Office equipment including computers, desk cabinets, printers and scanners, any electronic data processing equipment, training/educational equipment, medical supplies, and furnishings, audio-visual, cameras and recording devices. Equipment also includes, but is not limited to, all construction and maintenance equipment, air conditioners, fire-fighting equipment, and tools, rescue equipment and tools.)

4. POLICY

The Town of Newton has adopted a zero tolerance policy regarding fraud. No official or employee of the Town shall remove any Town assets from the property, misuse or willfully misappropriate any Town assets for ones personal gain. Any evidence supporting fraud, theft or embezzlement of the Town of Newton assets and equipment may be subject to the following actions, including but not limited to: suspension, termination, restitution, and criminal charges. Any Newton employee who is aware of fraud being committed against the Town by anyone shall report such activity to the Police Department.

5. PROHIBITED ACTS

Fraud and misuse of the Town of Newton assets are prohibited. Examples of fraud and misuse of Town assets include, but are not limited to:

1. Embezzlement
2. Misappropriation, misapplication, destruction, removal, or concealment of Town of Newton property.
3. Alteration or falsification of documents.
4. Theft of any asset (money, tangible property, etc.)
5. Authorizing or receiving compensation for goods not received or services not performed.
6. Authorizing or receiving compensation for hours not worked.
7. Misrepresentation of fact.

6. DETERRING FRAUD AND CORRUPTION

The Town has established internal controls, policies and procedures in an effort to discourage, prevent and detect fraud and corruption. All new full-time employees are subject to background investigations, including a criminal background check. All temporary, part-time, and seasonal employees may be subject to a criminal background check based on position and possible duration of employment. The Town may also verify all applicants' employment history, education and personal references prior to making an offer of employment.

All vendors, contractors and suppliers must be active, in good standing and authorized to transact business in the Town of Newton. Vendors, contractors and suppliers may be subject to screening, including verification of the individual or company's status as a debarred party.

When necessary, contractual agreements with the Town may contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

Town employees will receive fraud and corruption awareness training. New employees will receive this policy as part of their training at orientation. All employees will receive fraud and corruption awareness training at the minimum of every three years.

7. REPORTING OF FRAUD OR CORRUPTION

Allegations and concerns about fraudulent or corrupt activity may come from various sources including its own employees, members of the public, sub-contractors and contractors, from other interested parties or as a result of internal or external audit reviews.

All employees, officials and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any employee, official, officer, vendor or any other party with any association of the Town.

8. COMPLAINT PROCEDURE

1. Employees shall read and understand this policy. Additionally, suspected or known fraudulent acts by employees shall be reported to their respective Department Head. If the employee has reason to believe that their Department Head may be involved, the employee shall notify the Police Department directly.
2. Supervisors shall: a) communicate the provisions of this policy to all staff, b) take no action without consulting the Department Head, c) recommend appropriate disciplinary action when there is evidence of wrong-doing, and d) if suspension or termination is recommended, consult with Human Resources.
3. Department Heads shall communicate any suspected or known fraudulent act to the Police Department. The Police Department will notify the Board of Selectmen and the Town Administrator of each reported incident and keep the Board of Selectmen and the Town Administrator abreast of the investigation.
4. All participants in a fraud investigation shall keep the details and results of the investigation confidential.
5. Any employee reporting an act of fraud, or assisting, testifying, or participating in a fraud investigation, acting in accordance with the requirements of this policy, shall not be subject to any adverse employment action unless it is determined the employee is culpable for such action and/or made an allegation knowing it was false. (Examples of adverse employment action include, but are not limited to, discipline, suspension, threatening to discipline or suspend, coercion, acts of intimidation, and firing.)

9. PREVENTION

Each department will maintain an internal control environment to protect the department and the Town from loss or other damages as a result of a fraudulent act.

10. FALSE ALLEGATIONS

False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.

11. CORRECTIVE ACTIONS AND DISCIPLINE

Appropriate and timely action will be taken against those proven to have committed a fraudulent act. These remedial actions may include, but are not limited to:

1. Disciplinary action (up to and including immediate termination of employment).
2. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.

Fraud Policy continued

3. Forwarding information to the appropriate authorities for criminal prosecution.
4. Institution of civil action to recover losses.
5. Where the Town of Newton elects to take corrective or disciplinary action, it will proceed under the procedures in place under the policy for the respective employment classification.
6. The Town of Newton may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from fraudulent conduct.

12. CONFIDENTIALITY

All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act or the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.