

## ANTIFRAUD

### PURPOSE

To protect the Town's assets and reputation from misappropriation and abuse, this policy provides guidelines to safeguard against fraudulent activities and any appearance thereof. Policy objectives include:

- To create an environment in which employees and citizens can report any suspicion of fraud
- To communicate the Town's intent to prevent, report, investigate, and disclose to proper authorities suspected fraud, abuse, and similar irregularities
- To provide management with guidelines and responsibilities regarding appropriate actions in conducting investigations of alleged fraud and similar improprieties

### APPLICABILITY

This policy pertains to any suspected fraud, abuse, or similar irregularity against the Town. It applies to all elected and appointed Town officials and employees and to any other persons acting on behalf of the Town, such as vendors, contractors, volunteers, casual employees, and grant sub-recipients.

### POLICY

The Town is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, consultants, vendors, agents, or its own employees, to gain by deceit, financial or other benefits at the expense of taxpayers. Town officials, employees and other persons acting on behalf of the Town must, at all times, comply with all applicable policies, laws, and regulations. The Town will not condone any violation of law or ethical business practices and will not permit any activity that fails to withstand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate any suspected acts of fraud or other similar irregularities regardless of the position, title, length of service, or relationship with the government of any party who may be the subject of such investigation.

#### A. Definitions

**Any person acting on behalf of the Town** will mean any person responsible for or to Hamilton's government placed in that position by some official relationship with the Town.

**Abuse** can occur in financial or nonfinancial settings and refers to, but is not limited to:

- Improper use or misuse of authority
- Improper use or misuse of Town property, equipment, materials, records, or other resources
- Waste of public funds

**Fraud or other irregularity** refers 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 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 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
- Any omissions and misrepresentations made in bond offering documents, presentations to rating agencies, and annual financial reports

#### B. Antifraud Responsibilities

Every employee has the responsibility to assist the Town in complying with policies and laws and in reporting violations. The Town encourages the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

Town officials and department heads are responsible for instituting and maintaining a system of internal controls to reasonably ensure the prevention and detection of fraud, misappropriations, and similar irregularities. Management should be familiar with the types of improprieties that could occur within their areas of responsibility and be alert for any indications of such conduct.

The Town Manager has primary responsibility for investigating all activity defined in this policy and will, to the extent practical, notify the Select Board of reported allegations of fraudulent or irregular conduct upon commencing the investigation. In all circumstances where there are reasonable grounds to indicate a fraud may have occurred, the Town Manager, subject to the advice of Town Counsel, will contact the Hamilton Police Department and/or the District Attorney's office. Upon concluding the investigation, the Town Manager will report results to the Select Board and others as determined necessary.

#### C. Disclosure

If the Town's investigation concludes that there was a violation of any federal criminal law involving fraud, bribery or gratuity potentially affecting a federal award, the Town Manager will disclose such in writing to the federal awarding agency in compliance with the Office of Management and Budget's Omni Circular. Similarly, if there are findings of bond offering information falsification, the Town Manager will disclose this in writing to the bondholders.

#### **PROCEDURES**

The Town Manager will create a set of procedures to be appended to this policy or incorporated by reference. The procedures should cover all of the following at minimum:

1. Procedure and methods for reporting suspicions of fraud, abuse and other irregularities
  - a. Anyone can fill out a whistleblower form indicating potential fraudulent activity.

- b. Completed forms are deliverable to the Finance Director, Police Chief, or Town Manager.
  - c. If the fraud is indicated against the Finance Director or Town Manager, the report should be made directly to the Chief of Police.
  - d. The whistleblower form will be prepared by the Finance Director, disseminated to departments by the HR Director, and posted on the town website (in multiple locations).
2. Assignment of responsibilities in response to reported suspicions
  - a. Whoever is in receipt of a potential fraud report shall notify the Finance Director and Town Manager for a preliminary investigation. If the tip does not lead to any further action, the response shall end here. If there are merits to the tip, the Finance Director and Town Manager shall, in tandem, notify the Chief of Police, escalating to the State Police and/or District Attorney if needed, to assist with furthering the investigation as necessary.
3. Employee protections from retaliation
  - a. All employees shall be provided federal whistleblower protections as written in OSHAs Whistleblower Protection Program; see <https://www.whistleblowers.gov/> for details.
4. Security of investigation documents
  - a. Investigation documents shall remain locked in a secure location within the Town Manager's or Chief of Police's office.
  - b. Documents related to fraud investigations that are held in the Town Manager's office will be retained according to applicable record retention laws.
5. Treatment of anonymous allegations and false allegations (intentional and unintentional)
  - a. Preliminary investigations shall be undertaken whether the allegations are made by a known person or anonymously.
  - b. If an allegation is found to be intentionally false, the maker of the allegation shall be held accountable by facing appropriate discipline, up to and including legal action.
6. Personnel disciplinary actions
  - a. The Town of Hamilton takes all instances of fraudulent activity very seriously.
  - b. If an employee of the Town is found to have been knowingly engaged in fraudulent activity, they will face a disciplinary hearing with the Finance Director, Chief of Police, and Town Manager.
  - c. Penalties shall include possible suspension and/or termination, depending on the severity of the fraud and the outcome of the disciplinary hearing.
  - d. Additionally, the perpetrator will face potential criminal legal action if it is appropriate.
7. Responsibilities around media contact
  - a. The Town Manager shall be the contact in the case of media requests.
8. Training, education, and awareness
  - a. The Finance Director shall annually circulate resources for fraud awareness, including links to anti-fraud best practices available online.
  - b. Additionally, the IT Department shall circulate resources advocating for cyber security best practices.
9. Disclosure requirements and protocols
  - a. All town employees are required to disclose awareness of fraudulent activity.

- b. Knowledge of such fraudulent activity without performing their duty to raise awareness may result in disciplinary actions.

**REFERENCES**

M.G.L. c. 149, § 185

U.S. Office of Management and Budget's Omni Circular

**EFFECTIVE DATE**

This policy was adopted on November 7, 2022