



City of Fort Bragg
Administrative Regulation No. F-1

FRAUD REPORTING POLICY

I. OBJECTIVE

The City will investigate possible fraudulent activity or dishonest use of City resources by its employees, as warranted. Anyone found to have engaged in fraudulent activity is subject to disciplinary action, including dismissal and civil or criminal prosecution when warranted.

Confidentiality and Discretion

Great care will be taken in dealing with suspected fraudulent activity to avoid:

- violating an employee's rights to due process,
- making statements that could lead to claims of false accusations or other civil rights violations,
- alerting suspected individuals that an investigation is underway.

The investigation may be discussed only with those individuals who have a legitimate need-to-know.

Reporting Suspected Fraud

City employees are expected to report good faith concerns about suspected fraud, as detailed below..

Acting in Good Faith

Anyone filing a complaint concerning suspected fraudulent activity must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Allegations that are proven to have been made maliciously or to be knowingly false will be viewed as a serious disciplinary offense.

Protection from Retaliation

Retaliation against employees for making good faith reports is prohibited. The City will promptly respond to concerns of retaliation or unfair treatment linked to the employee's reporting.

II. BACKGROUND

The City is committed to the highest standards of moral, legal, and ethical behavior. All City officials, Department heads and staff members have a responsibility for stewardship of the City's resources. Internal controls are intended to protect the City's assets and interests by detecting or preventing improper activities, however, there are no absolute safeguards against willful violations of laws, regulations, policies, or procedures.

City staff members are required to report any suspected theft, loss, misuse, or inappropriate action involving City funds, equipment, supplies, or other assets to the City Manager or the City Attorney.

**III. PROCEDURES
Reporting Fraud**

Employees are encouraged to attempt to resolve their concern at the department level, by communicating their concerns to their supervisor or other appropriate contact person. If an employee feels uncomfortable addressing their concerns at the department level, they may make their report directly to any of the following:

- City Manager
- City Attorney
- Finance Director

When reporting fraudulent activity, provide as much detail as possible. The report may be submitted anonymously, however providing your contact information may be helpful if questions arise. All information will be treated as confidential to the extent permitted by law.

Initial Investigation

Anyone receiving a report of fraudulent activity should notify the City Manager or City Attorney immediately. The City Manager, City Attorney, or appropriate City official will consider the allegations and gather additional information to determine whether a formal inquiry is warranted.

If the reported concern is minor or if the City determines an investigation is not warranted, the City Manager or appropriate City official will work with the appropriate Department Head or supervisor to develop and implement a solution, protect the rights of the parties involved, and maintain documentation.

Formal Inquiry

When a formal inquiry is warranted, a "Fraud Investigation Team" will be formed and may include the City Manager, Director of Finance, City Attorney, and/or the Assistant to the City Manager.

Depending on the nature and severity of the allegation, the City Manager or appropriate City official will review the matter with the Mayor and keep him/her apprised of the investigation, as necessary.

The Fraud Investigation Team will:

- Determine when notification is given to the employee against whom the allegation has been made. In most cases, the notice will be given to that employee and his/her supervisor by the City Manager or appropriate City official. Upon being advised, the suspected employee shall be encouraged to provide documentation or other evidence to support his/her views.
- Determine if a suspected employee should be suspended with or without pay or temporarily reassigned in accordance with the City's Personnel Rules and/or the appropriate memorandum of understanding or employment resolution.
- In conjunction with the employee's supervisor, determine if it is necessary to safeguard all records relating to the alleged activity by removing them from the employee's custody.
- In consultation with the City Manager or appropriate City official, determine the final course of action. This determination will be reviewed and communicated by

the appropriate City official to the supervisor and to the employee after it has been reviewed by the City Manager.

The City Manager or appropriate City official, in consultation with the City Attorney, will determine and coordinate any legal arrangements between the City and the employee or his/her attorney.

The City Manager or appropriate City official will also ensure that appropriate reports are completed and distributed as required.

IV. RESPONSIBILITY

This Policy applies to all City officials, including Council members, City Manager, Department Heads and Staff members.

All Employees

Report good faith concerns about fraudulent activity. Be truthful and cooperative in investigations of alleged wrongdoing.

Department Heads

Maintain confidentiality, notify the City Manager or other appropriate individuals, support reporting employees and protect them against retaliation.

City Manager

Gather information and determine if a formal investigation is required.

V. DEFINITIONS

Fraud - Fraud encompasses an array of irregularities and illegal acts characterized by intentional deception or theft which produces a loss or misuse of resources or property. It can be perpetrated for the benefit of individuals or the agency, or may be detrimental to the agency. Fraud may be committed by persons outside as well as inside the agency. Actions constituting fraud include but are not limited to:

- forgery or alteration of a check, bank draft, account, or any City document;
- misappropriation of funds, supplies, or other assets;
- impropriety in the handling or reporting of money or financial transactions;
- disclosing confidential and proprietary information to outside parties;
- accepting or seeking bribes or items for personal gain from contractors, vendors, or persons seeking to provide services/material to the City;
- destruction, removal, or inappropriate use of records, furniture, fixtures, and/or equipment;
- falsification of the results tests or investigations.

Approved by City Manager	<u>Wendy Ruffing</u> (Signature)	<u>9-30-13</u> (Date)
Made a part of the City's Administrative Regulations binder and distributed to all City staff		<u>10-1-13</u> (Date)

