

VILLAGE OF PERRINTON FRAUD POLICY

BACKGROUND

The fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the Village of Perrinton. It is the intent of the Village of Perrinton to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud, involving employees, elected officials, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Village of Perrinton (also called the Village). Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Village .

POLICY

The Village Council is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the Village Council will be familiar with the types of improprieties that might occur, and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the Village President, who coordinates all investigations with the law enforcement agencies and the village attorney and other affected areas, both internal and external.

ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the Village
- 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 Village activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the Village
- Accepting or seeking anything of material value from contractors vendors or persons providing services/materials to the Village. Exception: Gifts less than \$50 in value.

- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct

OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct, should be resolved by the Village President. If there is any question as to whether an action constitutes fraud, contact for guidance.

INVESTIGATION RESPONSIBILITIES

The Village President has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Village President will issue reports to the Village Council. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the village attorney, as will final decisions on disposition of the case.

CONFIDENTIALITY

The Village President treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Village President immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see **REPORTING PROCEDURE** section below). Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Village from potential civil liability.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

The Village President will have:

- Free and unrestricted access to all Village records and premises, whether owned or rented;
- AND
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An employee who discovers or suspects fraudulent activity will contact the Village President immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or

representative, or any other inquirer should be directed to the Investigations Unit or the Legal Department. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

REPORTING PROCEDURES

The reporting individual should be informed of the following:

- o Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the village attorney.

TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the Village Council and, if necessary, by the village attorney, before any such action is taken. The Village President does not have the authority to terminate an employee. The decision to terminate an employee is made by the Village Council.

ADMINISTRATION

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

APPROVAL

Approved by resolution of the Village Council on the _____ day of _____, 2011.

Maxine Martin
Village Clerk

RESOLUTION OF ADOPTION

WHEREAS, the Village Council has studied and considered the adoption of a Fraud Policy and an Investment Policy, and

WHEREAS, the Village Attorney has prepared drafts of each such policy, which the Village Council has reviewed,

NOW, THEREFORE, BE IT RESOLVED,

1. That the Fraud Policy attached hereto be and hereby is adopted, and implemented by the Village.
2. That the Investment Policy attached hereto be and hereby is adopted and implemented.
3. The Village Clerk shall retain a copy of each such policy at the Village offices, and make the same available for review by any member of the public.

MEMBERS IN FAVOR:

MEMBERS OPPOSED:

Bill Knight

Jason Blomster

Frank Biddinger

Mrs. Lou Gallagher

Kendra Blair

Cathy Keighner

I hereby certify that the foregoing is a true and complete text of the Resolution of Adoption of the Village Council of the Village of Perrinton, which was duly adopted and approved by the Village Council of the Village of Perrinton on March 7, 2011, and remains in full force and effect as of this date.

Date: March 7, 2011

Maxine Martin
Maxine Martin, Clerk