



Town of Paxton Anti-Fraud Policy

The Town of Paxton is committed to the responsibility of protecting public money, assets and resources under the Town's control. It is the policy of the Town to prevent and deter all forms of fraud that could threaten the security of our assets. This policy applies to all employees of the Town, members of boards and commissions, appointed, elected officials or agents representing the Town.

Fraud

Fraud is defined as a deception deliberately taken to secure unfair or unlawful gain and includes but is not limited to such acts as deception, bribery, forgery, speculation, extortion, theft, embezzlement, misappropriation of money or assets, false misrepresentation, the concealment of material facts relating to any of the above and collusion or conspiracy to commit any or all of the above. The following are examples of fraudulent activities:

Misappropriation of Assets:

1. Forgery, alteration or misappropriation of checks, drafts, promissory notes or securities
2. Unauthorized use, or disposition of funds or property (i.e. Misuse of Town owned computer hardware, software, data or other records; use of Town owned equipment, vehicles or work time for non-Town purposes)
3. Embezzlement
4. Theft
5. Falsifying time sheets or payroll records
6. Falsifying travel expenses and/or utilizing Town funds to pay for personal expenses or for personal benefit
7. Fictitious reporting of receipt of funds

Fraudulent Financial Reporting:

1. Improper revenue recognition
2. Improper expense/expenditure recognition
3. Overstatement of assets

4. Understatement of liabilities

Expenditures and Liabilities for Improper Purposes:

1. Payments in money or other property
2. Unjustified jobs for family or friends
3. Use of vacation properties
4. Discounted or free services in exchange for benefits
5. Bribes and kickbacks

General Policy and Responsibilities

The Town will investigate any suspected acts of fraud, or misappropriation of property. An objective and impartial investigation will be conducted in cases of reasonably believed fraud, regardless of the position, title, service length, or relationship with the Town of any person, group or organization.

Each department head is responsible for maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

The Town Administrator has the primary responsibility for overseeing the investigation of all suspected fraudulent acts as defined in this policy. The Town Administrator will immediately notify the Chair of the Select Board of any fraud investigation, as well as legal, financial or others as deemed appropriate. The Town Administrator will make every effort to keep the investigation confidential. All participants and all persons questioned in a fraud investigation shall keep the details and results of the investigation confidential so as not to violate an individual's expectation of privacy or compromise potential legal action.

All department heads or individuals, upon discovery of any violation of this policy, must notify the Town Administrator of the violation. In cases where the employee has reason to believe the Town Administrator may be involved, the employee shall immediately notify the Chair of the Select Board unless the Chair of the Select Board is also believed to be involved, and then another member of the Board should be contacted.

If it is determined by the Town Administrator that the violation can be corrected within the department, the department head or individual will take such action deemed necessary to resolve. The department head will be expected to provide a written report of the corrected measure to avoid further reoccurrence.

Upon conclusion of any investigation, the results will be reported to the Chair of the Select Board. Where there are reasonable grounds to believe that a fraud may have occurred, the Town Administrator will report the incident to the appropriate authorities in order to pursue appropriate legal remedies. The Town Administrator will pursue every reasonable effort to obtain recovery of the assets. If suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal and appropriate legal action, shall be taken by the Town Administrator and the Select Board.

Whistle-Blower Protection

No employee of the Town or person acting on behalf of the Town in attempting to comply with this policy shall be:

1. Dismissed or threatened with dismissal
2. Disciplined, suspended, or threatened with discipline or suspension
3. Penalized or any other retribution imposed
4. Intimidated or coerced

Violation of this section of the Policy may result in disciplinary action, up to including dismissal. If an allegation is made in good faith but is not confirmed after conclusion of the investigation, no action will be taken against the originator. If the allegations were made in bad faith or without a justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation up to and including termination from employment.

Tips to Prevent Fraud

Every employee has a responsibility to assist in the prevention of fraud by using caution and sound judgement. Practical guidelines are as below:

1. Treat your pay stubs and W-2 forms, which contain personal information about you, as though they were “cash”. Do not provide the opportunity for others to view or take.
2. Treat Town records for which you are responsible with the same care you would your own personal records. Any documents containing any sensitive information should be stored in a secure area (a locking file cabinet for example).
3. Do not share computer passwords. Keep your passwords to yourself, change them regularly and if you think an unauthorized person has signed into your computer; notify the Town Administrator immediately.
4. Never discuss other employees or citizens’ personal information, problems, etc. in the hallways or any other place they could be overheard. This is common courtesy, as well as good common sense.
5. For departments that collect revenue, especially those at remote sites separate from the Treasury function, the following safeguards should be in place:
 - Duties of authorizing, recording, maintaining records, and reconciliation should be segregated among different employees wherever possible.
 - Money and check collections must be reconciled to the deposit and transferred to the Treasurer’s office weekly or as received if of a large nature. Always obtain a receipt from the Treasurer’s office of all turnovers.
 - Any checks collected prior to deposit, must be kept in a locked location. Cash must not be left in an unlocked drawer or on a desk top at any time.
 - Signed receipts should be provided to all customers of the Town for cash or checks.

Please be advised that the Town Accountant’s office may conduct unannounced audits of offsite locations to ensure that the safeguards listed above are in place. Your assistance in adhering to these guidelines helps to maintain an ethical business environment in the Town of Paxton where fraud at any level will not be tolerated.

Accepted by the Paxton Board of Selectmen August 24, 2015