



TOWN OF HANOVER
550 HANOVER STREET, SUITE 29
HANOVER, MASSACHUSETTS 02339
781-826-5000 ext. 1084

David Delaney, Chairman
John Tuzik, Vice Chair
Brian Barthelmes
Emmanuel Dockter
Jocelyn Keegan

Fraud Risk Assessment Policy

Policy 15-07

(replaces Policy dated November 9, 2015)

Introduction

Like all municipalities, ours is faced with the risks from wrongdoing, misconduct, dishonesty and fraud. We must be prepared to manage these risks and their potential impact in a professional manner. The impact of misconduct and dishonesty may include:

- Financial loss
- Damage to the reputation of our Town and our employees
- Negative publicity
- Cost of investigation
- Loss of employees
- Loss of public confidence
- Damaged relationships with our contractors and suppliers
- Damage to employee morale
- Litigation

Our goal is to establish and maintain an environment of fairness, ethics and honesty for our employees, our citizens, our suppliers and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and manager every day.

Our municipality is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

Applicability

This policy applies to all employees, appointed and elected officials of the Town of Hanover.

Purpose

The purpose of this document is to communicate municipal policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific instructions regarding appropriate action in case of suspected violations.

Definition of Misconduct and Dishonesty

For purposes of this policy, misconduct and dishonesty include but are not limited to:

- Theft or other misappropriations of assets, including assets of the Town, our citizens, suppliers or others with whom we have a business relationship
- Misstatement and other irregularities in municipal records, including the misstatement of the results of operations
- Wrongdoing
- Forgery
- Alteration of documents

The municipality strictly prohibits these and any other illegal activities in the actions of its employees, managers, administrators and others responsible for carrying out the Town's activities.

POLICY AND RESPONSIBILITIES:

Reporting

It is the responsibility of every employee, supervisor, manager and administrator to immediately report suspected misconduct or dishonesty to their supervisor or those that exercise authority over the supervisor. Supervisors, when made aware of such potential acts by subordinates, must immediately report such acts to the Town Manager or his/her designee. If the concern involves the Town Manager, it should be reported to the Chairman of the Board of Selectmen. Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden.

Due to the important yet sensitive nature of the suspected violations, effective professional follow up is critical. Managers should not in any circumstances perform and investigate or other follow up on their own. All relevant matters, including suspected but unproved matters, should be referred immediately to the Town Manager or direct supervisor.

It is the policy of the Town to encourage the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

Employees also have the option to contact the Office of the Inspector General's 24-hour Fraud Hotline to confidentially report corruption, fraud, waste or abuse related to government funds or property.
<https://www.mass.gov/how-to/fraud-hotline>

REPORTING TO EXTERNAL AUDITORS

The Finance Director will report to the external auditors of the Town all information relating to fraud investigations, in accordance with Statement on Auditing Standard 99 - Consideration of Fraud in a Financial Statement Audit, as issued by the Financial Accounting Standards Board.

Additional Responsibilities of Supervisors

All employees have a responsibility to report suspected violations, however employees with supervisory and review responsibilities at any level have additional deterrence and detection duties. Specifically, personnel with supervisory or review authority have three additional responsibilities.

First, you must become aware of what can go wrong in your area of authority.

Second, you must put into place and maintain effective monitoring, review and control procedures which will prevent acts of wrongdoing.

Third, you must put into place and maintain effective monitoring, review and control procedures which will detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these additional responsibilities may not be delegated to subordinates.

Assistance in effectively carrying out these responsibilities is available upon request through the Finance Director and Town Manager.

Responsibility and Authority for Follow Up and Investigations

The Police Department and/or Town Manager have the primary responsibility for all investigations involving the Town and all Departments. The Police Department and/or Town Manager may request the assistance of the Finance Director in any investigation, including access to periodic examinations and evaluations of internal controls.

Property designated members of the investigative team will have:

- Free and unrestricted access to all municipal records
- The authority to examine, copy and/or remove all or any portion of contents of files, desks, cabinets and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of the investigative or related follow up procedures
- All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and Town procedures.

Reported Incident Follow Up Procedures

Care must be taken in the follow up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway, and to avoid making statements which could adversely affect the Town, employee, or other parties.

Accordingly, the general procedures for follow up and investigation of reported incidents are as follows:

1. Employees and others must immediately report all factual details as indicated above under Policy.

2. The Police Department and/or Town Manager have the responsibility to follow up and, if appropriate, investigate all reported incidents.
3. All records related to the reported incident will be retained wherever they reside.
4. No communication with the suspected individuals or organizations should occur while the matter is under investigation.
5. The Police Department and/or Town Manager will also notify the Finance Director of all reported incidents so that it may be determined whether this matter should be brought to the attention of the Auditors.
6. The Police Department and/or Town Manager may also obtain legal advice at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
7. Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
8. All inquiries from an attorney or any other contacts from outside of the municipal government, including those from other law enforcement agencies or from the employee under investigation, should be referred to the Police Department and/or Town Manager.

Investigative or other follow up activity will be carried out without regards to the suspected individual's position or level, or relationship with the municipality.

Reporting Results

The Town Accountant will prepare a report of the results of any review of fraudulent or irregular activities. The report will contain the disciplinary taken, if any. As applicable, it will also contain details of the systems weaknesses that did not prevent or detect the fraudulent or irregular activities and provide recommendations for improving systems controls to prevent or detect similar events. It is recognized that management investigating the incident may share information with senior management, the town's audit committee, town counsel, and/or law enforcement agencies as deemed necessary. The Town Accountant will include a statistical summary of the fraud reports in the annual report.

Whistle-blower Protection

No employee of the Town, appointed or elected official, or anyone acting on behalf of the Town in attempting to comply with this policy shall:

- Be dismissed or threatened with dismissal
- Be disciplined, suspended or threatened with discipline or suspension
- Be penalized or any other retribution imposed
- Be intimidated or coerced

Violation of this section of the Policy may result in disciplinary action, up to and including dismissal.

If an allegation is made in good faith and is not confirmed by the investigation, no action will be taken against the originator. If, however, the allegations were made in bad faith or without justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation.

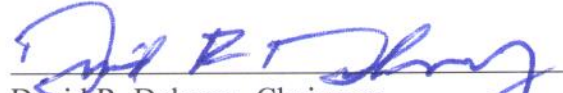
Questions or Clarifications Related to this Policy


All questions or other clarifications of this policy and its related responsibilities should be address to the Town Manager, who shall be responsible for the administration, revision, interpretation, and application of this policy.


Replaces Policy dated November 9, 2015.


Effective Date: April 2, 2018

Board of Selectmen


David R. Delaney, Chairman


John C. Tuzik, Vice-Chairman


Brian E. Barthelmes


Jocelyn R. Keegan


Emmanuel J. Dockter

ACKNOWLEDGEMENT

My signature signifies that I have read the Policy on Fraud Risk and that I understand my responsibilities related to the prevention, detection and reporting of suspected misconduct and dishonesty.

Signature: _____

Printed Name: _____

Date Signed: _____
