



TOWN OF MEDFIELD

Office of

BOARD OF SELECTMEN

TOWN HOUSE, 459 MAIN STREET
MEDFIELD, MASSACHUSETTS 02052-0315

(508) 906-3011 (phone)
(508) 359-6182 (fax)

Kristine Trierweiler
Town Administrator

Town of Medfield Fraud Risk Assessment Policy

INTRODUCTION

The Town of Medfield has a commitment to high legal, ethical, and moral standards. All staff Members are expected to share this commitment. The Town recognizes that over and above any financial damage suffered, fraud may adversely affect the Town's image and its reputation. To that end, the Town is committed to the prevention, detection, investigation, and corrective action relative to fraud. The Town has developed strong internal controls in order to achieve these goals. It is important that an ethical environment be created, that flows through the entire Town.

This Policy applies to all employees, appointees, and elected officials of the Town of Medfield.

DEFINITION

Fraud is a violation of trust that is defined as a wrongful or criminal deception intended to result in financial or personal gain. The term includes, but is not limited to such acts as deception, bribery, forgery, extortion, theft, embezzlement, misappropriation of assets, false representation, or the concealment of material facts relating to any of the above, and collusion or conspiracy to commit any or all of the above.

Examples of Fraudulent Activity

Fraud can cover many activities; however, this Policy is directed primarily at financial matters. Fraud may include, but is not limited to:

Misappropriation of Assets:

1. Forgery or alteration of documents
2. Unauthorized use, or disposition of Town funds, property, materials, supplies, and equipment belonging to the Town of which the Town is responsible, to include use of Town funds, property, materials, supplies and /or equipment for direct personal benefit.
3. Embezzlement
4. Theft
5. Falsifying time sheets or payroll records (including accrual usage)
6. Falsifying travel or entertainment expenses or using Town funds to pay for personal expenses or for personal benefit.

Fraudulent Financial Reporting:

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

Expenditures and Liabilities for Improper Purpose:

1. Bribes and kickbacks, favors, gifts, money, job offers or anything of value or the promise of a future reward

Prohibited or improper conduct for municipal employees and officials is more fully defined in *Massachusetts General Law Chapter 268A*.

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 regardless of the position, title, and length of service or relationship with the Town of any person, group, or organization reasonably believed to have committed fraud. Management is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriation, 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 defined in this Policy. All Department Heads or individuals, upon discovery of any violation of this policy, must notify the Town Administrator of the violation. The Town Administrator will then make the determination if an investigation is required and the next steps to follow, up to and including notifying the Chief of Police.

The Board of Selectmen Chair should be made aware at the start of the investigation. Upon conclusion of the investigation, the results will be reported to the Board of Selectmen. Where there are reasonable grounds to believe that fraud may have occurred, the Town Administrator may report the incident to the appropriate authorities, which may include seeking appropriate legal remedies. The Town Administrator will pursue every reasonable effort to obtain recovery of the assets.

PROCEDURES FOR REPORTING

The Town recognizes that there may only be a suspicion of fraud – thus any concerns should be reported directly to the Town Administrator. If the concern involves the Town Administrator, it should be reported to the Chairman of the Board of Selectmen. The Town Administrator has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. All cases of suspected fraud will be investigated, and appropriate action will be taken.

Any employee or municipal official who has knowledge of any fraudulent conduct or has reason to suspect that fraud has occurred shall immediately notify the Town Administrator and follow up with a written report. The written report should be sufficiently detailed and inclusive to ensure a clear

Adopted May 29, 2019

understanding of the issues raised. A determination should then be made by the Town Administrator, if it is appropriate to notify the Chief of Police.

If an allegation is made in good faith, but it 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 a justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation.

Investigation

Upon notification or discovery of a suspected fraud, the Town Administrator will initiate an investigation into the fraud. The Town Administrator will make every reasonable effort to keep the investigation confidential

When deemed necessary, the Town Administrator shall coordinate the investigation with the outside auditor or appropriate law enforcement officials. Legal Counsel will be involved in the process, if deemed appropriate.

Security of Evidence

Once a suspected fraud is reported, immediate action to prevent the theft, alteration, or destruction of relevant records shall be initiated. The records shall be adequately secured until the investigation is complete. Such actions may include, but are not limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records.

Confidentiality

All persons questioned in a fraud investigation shall keep the details and results of the investigation confidential so as not to violate any individual's expectation of privacy. The individual will be notified of his/her right to inform a representative of the applicable union or counsel of their choice about the findings of the investigation.

Personnel Actions

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal and referral for appropriate legal action, shall be taken by the Town Administrator and/or the Board of Selectmen. If possible, the Town Administrator will initiate provisions for recovery of funds/assets.

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 dismissed or threatened with dismissal, be disciplined, suspended, be penalized, intimidated, or have any other retribution imposed.

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