



FRAUD DETECTION & PREVENTION POLICY

Introduction:

The fraud policy of the City of Salida (the “City”) is established to outline the development of controls that will aid in the detection and prevention of fraud against the City. It is the intent of the City to promote consistent organizational behavior by providing guidelines and assigning responsibility for controls and conduct of investigations.

Policy:

This policy applies to any fraud, or suspected fraud involving employees as well as vendors, consultants, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a relationship with the City.

1. Reporting

Employees and other parties with an objective, good-faith belief of fraud, or abuse or misuse of City property should contact the Director of Finance and Administrative Services. Reports may provide this notice by reasonable means (i.e. orally, in writing, email, etc.) and this notice may be provided anonymously except as otherwise required by the State of Colorado’s Open Records Act.

The City will not retaliate against an employee or a "reporting" party, who makes a report based on an objective, good-faith belief of fraud, or abuse or misuse of City property. The City will take no effort to determine the identity of one who submits an anonymous report and, to the extent possible under the circumstances, will not reveal the identity of an employee or “reporting” party who requests confidentiality unless otherwise required by the State of Colorado’s Open Records Act.”

2. Actions Constituting Fraud

The terms embezzle, 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 City of Salida
- Forgery or alteration to 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 City activities
- Accepting or seeking anything of substantial value from contractors, vendors or persons providing services/materials to the City for personal gain.
- Destruction, removal, unauthorized or inappropriate use of records, furniture, fixtures, and equipment and/or
- Any similar or related inappropriate conduct

The City's Personnel Manual should also be referenced for clarification.

Suspected improprieties concerning the employee's moral, ethical, or behavioral conduct should be resolved by the departmental management and the head of Human Resources.

If there is any question as to whether an action constitutes fraud, contact the Director of Finance and Administrative Services.

3. Investigation Responsibilities

The Director of Finance and Administrative Services 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 Director of Finance and Administrative Services will issue reports to appropriate designated personnel and, if appropriate, to the City Council through the City Administrator.

Decisions to prosecute and/or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the City Administrator, as will final decisions on disposition of the case.

4. Confidentiality

The City treats all information received confidentially except as otherwise required by the State of Colorado's Open Records Act. Any employee or reporting party who suspects dishonest or fraudulent activity will notify the Director of Finance and Administrative Services immediately.

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 City from potential civil liability.

5. 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 or other party who discovers or suspects fraudulent activity will contact the Director of Finance and Administrative Services 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 Director of Finance and Administrative Services. No information concerning the status of an investigation will be given out.

The reporting individual should be informed of the following:

- Do not contact the suspected individual(s) or other potentially involved 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 City Attorney, or the Director of Finance and Administrative Services.

6. Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the City Attorney and, if necessary, by outside counsel, before any such action is taken. Procedures outlined in the City's Personnel Manual, including the process for appeals, will be followed with respect to any decision to take action against an individual regarding their employment. The Director of Finance and Administrative Services does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should the Director of Finance and Administrative Services believe the management decision inappropriate for the facts, the case will be presented to executive level management for a decision.