



TOWN OF STOW ANTI-FRAUD POLICY

Adopted by the Board of Selectmen on January 12, 2021

I. INTRODUCTION

The Town of Stow recognizes the importance of protecting the Town and its operations, citizens, taxpayers, employees and assets against financial risks and unethical activities. It is the policy of the Town of Stow to institute and clearly communicate a fraud prevention policy in an effort to prevent and deter all forms of fraud that could threaten the security of our assets and our reputation.

The Town of Stow has a **Zero Tolerance** policy with regard to fraud and are committed to undertake the following steps as part of their anti-fraud policy:

- ***Education***
- ***Prevention***
- ***Detection***
- ***Investigation***
- ***Corrective Action***

A. Education

The most effective way to reach most employees is through education. Actively fighting fraud means implementing policies and procedures that prevent and detect fraud. The Town's goal is to establish and maintain an environment of fairness, ethics and honesty. To maintain such an environment requires the active assistance of every employee, every day.

B. Definition of Fraud

Fraud is defined as a deception deliberately practiced to secure unlawful gain. The term includes such acts as: bribery, deception, embezzlement, extortion, false representation, forgery, the concealment of material facts, the misappropriation of money or assets and collusion or conspiracy to commit any or all of the above acts.

C. Reporting of Fraud

The Town recognizes that allegations and concerns about fraudulent activity should be reported to the Town Administrator or his/her designee through the established chain of command (department heads, foreman). All employees are encouraged to report any concerns they have or information provided to them about a possible fraudulent act. The Town Administrator has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. All cases of suspected fraud will be investigated and appropriate action will be taken.

D. Applicability

This Policy applies to all employees and elected or appointed officials, Town, full, part-time and temporary, all Town Board members, Town Committee members and Town Commission members, here and after, referred to as Employees.

Fraud, as defined by this policy, includes any misuse or attempt to misuse a Town asset for personal gain or purposes unrelated to Town business. It may include, but is not limited to:

Misappropriation of Assets

- Forgery, alteration or misappropriation of cash, checks, bank drafts, promissory notes, securities or any other financial document
- Unauthorized use or disposition of funds or property
- Falsifying timesheets or payroll records
- Falsifying travel expenses and/or utilizing Town funds to pay for personal expenses or for personal benefit
- Theft
- Embezzlement
- Fictitious reporting of receipt of funds
- Falsification of expenses and invoices
- The use or assigning of A Town employee on other than Town business.
- Actions which cause the Town's financial reports and/ or records to be inaccurate

Profiteering

- Offering, giving, soliciting and/ or accepting an inducement or reward that may improperly influence the action of an employee of the Town.

E. Related Policies

This is a Town policy that is designed to augment Chapter 268A - "The Conflict of Interest Law". It is not intended to replace or preclude it in any way.

This policy will be administered in accordance with Massachusetts General Laws, Chapter 149 Section 185 *"Retaliation against employees reporting violations of law or risks to public health, safety or environment; remedies"*.

II. GENERAL POLICY AND RESPONSIBILITIES

The Town Administrator or his/her designee is responsible to investigate any suspected acts of fraud or misappropriation of property. An objective investigation will be conducted of any person, group or organization reasonably believed to have committed fraud, regardless of: position, job title, and length of service or relationship with the Town.

Department Heads are responsible for instituting and maintaining programs and controls to prevent deter and detect fraud.

All employees, upon discovery of any violation of this policy, are encouraged to notify the Town Administrator or his/her designee of the violation through the normal chain of command. If the Town Administrator determines that corrective action may be provided for internally within the department, the Department Head will notify the Town Administrator as to the steps taken to correct the violation.

The Town Administrator or his/her designee has the primary responsibility for overseeing the investigation of all suspected fraudulent acts as defined in this policy. The Town Administrator will involve such individuals, but not limited to: the Board of Selectmen, Town Accountant, Town Treasurer, Town Law Enforcement, Legal Counsel and others deemed appropriate.

Upon conclusion of the investigation, the results will be reported to the Town Administrator or his/her designee. If there are reasonable grounds to believe that a fraud may have occurred, then the Town Administrator will report the incident(s) to the appropriate authorities. Whatever action is taken by such appropriate authorities will not preclude the Town taking disciplinary action where it believes discipline is warranted. Every reasonable effort will be pursued to recover Town assets.

A. Procedures for Reporting

Any employee, who reasonably believes that fraud has occurred, is encouraged to notify the Town Administrator or his/her designee. In cases where an employee reasonably believes the Town Administrator is involved, the employee is encouraged to notify the Town Accountant. If it is reasonably believed that the Town Accountant is also involved, then the employee is encouraged to notify the Police Chief.

B. Investigation

Once notification or discovery of a suspected fraud has occurred, then the Town Administrator or his/her designee will immediately investigate the suspected fraud. The Town Administrator will make every reasonable effort to maintain confidentiality. If the suspected fraud involves the Town Administrator is involved in the report of fraud, then the investigation will be conducted by the Town Accountant. If the suspected fraud involves both the Town Administrator and the Town Accountant, then the investigation will be conducted by the Police Chief and the appropriate authorities.

C. 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 will be adequately secured until the investigation is complete.

D. Confidentiality

All participants and all persons questioned in a fraud investigation will keep the details and results of the investigation confidential so as not to violate an individual's expectation of privacy.

E. Personnel Actions

If a suspicion of fraud is substantiated by the investigation, then the Town Administrator or his/her designee shall take disciplinary action, up to and including dismissal and appropriate legal measures. Such disciplinary action may be taken independent of any findings and conclusions reached by any appropriate authority to which the fraud allegations are reported.

If an allegation is made predicated upon the reasonable belief that a violation has occurred, but it is not confirmed by the investigation, then no action will be taken against the originator. If however, the allegation is made and predicated without the reasonable belief that a violation has occurred, then appropriate disciplinary action may be taken against the individual making the false allegation up to and including termination.

F. Whistle-Blower Protection

No person covered by this policy acting honestly and in good faith in attempting to comply with its provisions shall:

- be dismissed or threatened with dismissal;
- be suspended or threatened with suspension;
- be subject to any discipline or any other retribution
- be intimidated or coerced.

Any person violating these whistle blower protections will be subject to disciplinary action, up to and including dismissal.

Town of Stow

*380 Great Road
Stow, MA 01775*

ANTI-FRAUD POLICY Acknowledgement of Receipt

Print Name: _____

Department: _____

Job Title: _____

By signing my name below, I am acknowledging that I have received, read, had the opportunity to ask questions about, and have been advised that I am responsible for complying with the Town of Stow's **Anti-Fraud Policy**. I understand this signature sheet will be place in my personnel file.

I understand that I will be held responsible for complying with the provisions of this policy and understand that any actions which are found to violate the terms of this policy may result in disciplinary action*, up to and including termination of employment.

Employee's Signature: _____ Date: _____

** This policy is applicable to all employees of the Town of Stow.
For those employees covered by Collective Bargaining Agreements, the provisions of the CBA, which are subject to negotiation prevail over the language in this policy (i.e. discipline).*