

POLICY

**Town of Ferrisburgh, Vermont
Fraud and Other Similar Irregularities**

Section 1.0 - Statement of Policy Principles

The Town of Ferrisburgh is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, subcontractors, agents, intermediaries or its own employees, to gain by deceit, financial or other benefits.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

Section 2.0 - Applicability

This policy applies to all elected and appointed individuals serving the Town, all employees of the Town of Ferrisburgh and to appointees, contractors, or employees working for town boards, departments, commissions or committees over which the Selectboard has authority to require general policies to be followed (herein .

Section 3.0 - Definitions

Fraud, and other similar irregularities means:

- 3.1. Forgery or alteration of checks, drafts, promissory notes, and securities.
- 3.2. Any misappropriation of funds, securities, supplies or any other asset.
- 3.3. Any irregularity in the handling or reporting of money transactions.
- 3.4. Misappropriation of furniture, fixtures and equipment.
- 3.5. Seeking or accepting anything of material value from vendors, consultants or contractors doing business with the Town.
- 3.6. Unauthorized use or misuse of Town property, equipment including computers, public records or other town materials.
- 3.7. Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Town-owned or leased software.
- 3.8. Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Town.
- 3.9. Any similar or related irregularity.

Section 4.0 - General Policy and Responsibilities

The Selectboard is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities.

- 4.1. Investigation – It is the Town’s intent to fully investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Town of any party who might be or becomes involved in or becomes/is the subject of such investigation.
- 4.2. Responsibility for Investigation & Final Report – The Selectboard, in consultation with the Town’s elected auditors (Town Auditor), and the Town Attorney, has the primary responsibility for the investigation of all matters in this policy and issuing a Final Investigation Report. However, if there is a complaint or investigation made regarding the Selectboard, or a Selectboard Member, the Vermont State Police have the primary responsibility for the investigation and final investigation report.
- 4.3. Restitution – The Town will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the Town losses from the offender, or other appropriate source(s).

Section 5.0 – Procedures

- 5.1. Confidentiality - All participants in a fraud complaint or investigation shall keep the details and results of the investigation confidential, except as otherwise required by state statutes. However, the Town Attorney, or State Police, may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
- 5.2. Report of Complaint – By those defined in Section 2.0 – Any such person, who has knowledge of a fraud, or has reason to suspect that a fraud has occurred, or other similar irregularities as defined under Section 3.0 ("Irregularities"), the person shall notify one of the Town Auditors. The Town Auditor shall notify the remaining Town Auditors. If the person suspected of fraud or Irregularities is one of the Town Auditors, the person shall notify the Chair of the Selectboard. The complainant shall not discuss the matter with anyone other than his/her supervisor, the Town Attorney and the Vermont State police. All notifications shall be made as soon as practical and must be given in writing and not anonymously. Complainants who knowingly make false allegations will be subject to discipline up to and including dismissal or legal action.
- 5.3. Report of Complaint to Supervisor - Upon notification from an employee of suspected fraud or Irregularities, such employee's supervisor shall immediately notify the Town Auditors . The supervisor is responsible for monitoring potential fraud or Irregularities by consultants and contractors working directly for their department and reporting any potential fraud or Irregularities to the Town Auditors.
- 5.4. Receipt of Complaint - When the complaint is received by the Town Auditors, the Town Auditors will ensure that there is sufficient information submitted by the complainant to allow the Selectboard and Vermont State Police to verify the matters in the complaint. If the Town determines that the potential for a suspected fraud or Irregularities warrants additional investigation, then the Town will promptly gather any additional information necessary to begin an investigation. If there is a determination that there is no need for further investigation by the Vermont State Police, the Vermont State Police will

meet with the original complainant to review the finding and also submit a confidential memo to the Selectboard advising whether or not the original complaint was criminal or not.

5.5. Investigation & Final Report – If determined to not be criminal, but the Selectboard determines that there is still a need for a full investigation, the Selectboard shall coordinate the investigation with the Town Attorney and if necessary appropriate law enforcement officials. If determined to be criminal, the matter shall be fully investigated by Vermont State Police and other law enforcement and not other town officials. At no point following the receipt of the initial complaint, shall the complainant, supervisor, Selectboard members or other involved parties attempt to independently investigate the suspected fraud or to discuss the matter with anyone other than the person(s) to whom the fraud was reported, the Town Attorney and the Vermont State Police. A summary of the final investigation report shall be in the form of a confidential memorandum to the person that is the subject of the complaint, the complainant and the Selectboard personnel files and include the complainant's name, the allegation and a statement concluding the investigation. The conclusion may be, but is not limited to, one of the following:

- i. that there was no fraud or impropriety discovered;
- ii. there are irregularities that should be further investigated but no crime has occurred; or
- iii. that the matter was turned over to the State Attorney's office for prosecution. If there are criminal proceedings, the Selectboard and Vermont State Police will monitor that action without involvement by the Audit Committee.

5.6. Media Issues – All media requests pertaining to any activity covered by this policy shall be immediately referred, without comment, to the Chair of the Ferrisburgh Selectboard.

5.7. Security of Evidence - Once a complaint is reported to the Town Auditors, then the Town Attorney, or Vermont State Police shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily 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. The records must be adequately secured until the records are no longer needed for the investigation.

5.8. Personnel Actions and Notice - If a suspicion of fraud or Irregularities is substantiated by the investigation, disciplinary action, up to and including suspension with or without pay, dismissal, termination of contract and termination of appointment, shall be taken by the appropriate level of management, in consultation with the Town Attorney and in conformance with the Town's Personnel Guidelines and Vermont State Law. Unless exceptional circumstances exist, a person or firm under investigation for fraud or Irregularities shall be given notice in writing of the essential particulars of the allegations following the initial review by the Town Auditors and after the security provisions in Section 5.7 have been completed.

5.9. Completion of Investigation - Upon completion of the investigation, including all legal and personnel actions, any records, documents and other evidentiary material will be maintained by the Town Auditors in a locked file cabinet for the time period required by Vermont State Law.

5.10. Whistle-Blower Protection - No employer, supervisor or person acting on behalf of an employer shall:

- dismiss or threaten to dismiss a complainant;
- discipline or suspend or threaten to discipline or suspend a complainant;
- impose any penalty upon a complainant; or
- intimidate or coerce a complainant,

because the employee, volunteer, contractor or consultant acted in accordance with the requirements of the policy. The violation of this section will result in discipline up to and including dismissal or termination of contract.

5.11. Posting and Notice – The Town Clerk shall be responsible for annually distributing this policy, or amendments hereto, to Selectboard members, and also for providing notice of the policy to all individuals that are subject to the policy. Such notice being sufficient by posting the most current policy on the town web site, maintaining a current copy with the Ferrisburgh Town Clerk's Office and posting in each department's employee area.

5.12. Effective Date and Policy Revisions – This policy becomes effective immediately upon the approval by the Selectboard. The Selectboard may revise this policy at any time.

Approved by Selectboard at the meeting of January 17, 2012

Loretta Lawrence
Selectboard Member

Pat A. Healey
Selectboard Member

James W. Warch
Selectboard Member

Ken Krin
Selectboard Member

Ann Fry
Selectboard Member