

CITY OF KEMPNER

FRAUD POLICY

September 19, 2019

BACKGROUND

The City fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the City of Kempner. It is the intent of the City to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

SCOPE OF POLICY

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

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the City.

POLICY

All management and employees are responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of management will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the City Attorney who coordinates all investigations both internal and external.

ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but is not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the City
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transaction
- Profiteering as a result of insider knowledge of City activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other person securities activities engaged in or contemplated by the City.

- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the City. Exception: Gifts less than \$20 in value.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct

OTHER

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct, should be resolved by departmental heads.

If there is any question as to whether an action constitutes fraud, contact the City Attorney for guidance.

INVESTIGATION RESPONSIBILITIES

The City Attorney has the primary responsibility for the initial investigation of all suspected fraudulent acts defined in the policy. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the District Attorney.

CONFIDENTIALITY

The City of Kempner treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the City Attorney immediately and should not attempt to personally conduct investigations or interview/interrogations related to any suspected fraudulent act.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

Members of the Investigation Unit will have:

- Free and unrestricted access to all City records and premises, whether owned or rented; AND
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

REPORTING

Great care must be taken in the investigation of suspected improprieties or wrongdoings to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An employee who discovers or suspects fraudulent activity will contact the City Attorney. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to the allegation, the crime, the fraud, the forgery, the misappropriation, or any other specific reference.

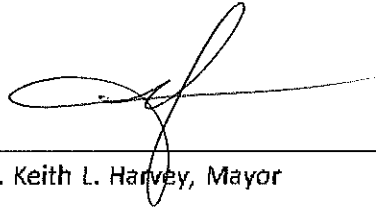
The reporting individual should be informed of the following:

- Do not contact the suspected individual to determine facts or demand restitution.

- Do not discuss the case, facts, suspicious, or allegations with anyone unless specifically asked to do so by the City Attorney.

TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be handled in accordance with the City Personnel Manual.



Dr. Keith L. Harvey, Mayor

22 Oct 2019

Date