

FRAUD POLICY
TOWN OF NORTH YARMOUTH

The Town of North Yarmouth recognizes the importance of protecting the organization, its taxpayers, its employees and its assets against financial risks, operational breaches, and unethical activities. Therefore, the Select Board and management must clearly communicate the fraud prevention policy to both internal and external customers, vendors, and employees.

The Town recognizes a zero-tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated. This policy covers all Elected and Appointed officials. Additionally, this policy covers all vendors, customers, and employees to the extent that any Town resources are involved or impacted.

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include:

- Falsification of expenses and invoices
- Theft of cash or fixed assets
- Alteration or falsification of records
- Failure to account for monies collected
- Knowingly providing false information on job applications
- Knowingly providing false information in requests for funding

Corruption is defined as the offering, giving, soliciting, or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include bribery, conspiracy, and extortion.

REPORTING OF FRAUD OR CORRUPTION

Allegations and concerns about fraudulent or corrupt activity may come from various sources including employees, vendors, members of the public, results of internal or external audit reviews, or from any other interested parties.

All employees and officers have a duty to report concerns they have, or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor, or any other party with any association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

Concerns should be reported to any of the following:

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| Town Manager | The Employee's Immediate Supervisor |
| Town Select Board | Anonymous Fraud and Corruption Hotline 829-3705 Ext. 207 |
| Town Attorney | |

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

All reports will be taken seriously and will be investigated by internal audit staff and/or legal department who will be appointed by the Town Manager or the Select Board when necessary. If deemed necessary, the Town will notify and fully cooperate with the appropriate law enforcement agency. Any investigation resulting in the finding of fraud or corruption will be referred to the Town Manager and Town Attorney for action. Fraudulent or corrupt activities that result in disciplinary action will be reported to the Select Board.

DETECTING FRAUD AND CORRUPTION

The Town has established internal controls, policies, and procedures to deter prevent and detect fraud and corruption. All new full-time employees are subject to background investigations including a criminal background check(s). All temporary, part-time, and seasonal employees will be subject to a criminal background check based on position and possible duration of employment. The Town will also verify all applicants' employment history, and personal references prior to making an offer of employment.

All vendors, contractors and suppliers must be active, in good standing and authorized to transact business in the Town of North Yarmouth. Vendors, contractors, and suppliers maybe subject to screening, including verification of the individual or company's status as a debarred party.

When necessary, contractual agreements with the Town may contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

Town employees will receive fraud and corruption awareness training. New employees will receive this policy as part of their training at orientation. All employees will receive fraud and corruption awareness training annually.

CORRECTIVE ACTION

Final determination regarding action against an employee, vendor, recipient, or other person found to have committed fraud or corruption will be made by the Town Manager. Final determination regarding actions against a Select Board will be made according to Article V. section 4 Conflicts of Interest of the Town Charter.

Offenders at all levels of the Town will be treated equally regardless of their position or years of service with the Town. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Town, cooperation by the offender and legal requirements.

Depending on the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period to legal action – either civil or criminal. In all cases involving monetary losses to the Town, the Town will pursue recovery of losses.

Adopted by Town Select Board: 11/15/2022

MEMORANDUM FROM THE TOWN MANAGER'S OFFICE

TO: ALL TOWN EMPLOYEES
FROM: DIANE BARNES, TOWN MANAGER
SUBJECT: FRAUD POLICY

Please read the attached Fraud Policy, if you have any questions, please don't hesitate to contact me.

Once you have completed your review of the Fraud Policy, please sign this memo, and return it to the Town Manager's office.

Employee Name

Employee Signature

Date