

City of West University Place

Anti-Fraud Policy

Introduction

The City of West University Place has established an anti-fraud policy to facilitate the development of controls that will aid in the detection and prevention of fraud against the City. It is the City's intent to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

This policy applies to any irregularity, suspected irregularity (such as fraud, theft, waste, or abuse) or suspected fraud, theft, waste, or abuse involving an employee (including management), a consultant, vendor, contractor, outside agency, or person doing business with the City or in any other relationship with the City. 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

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the 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 the management team 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 irregularity that is detected or suspected must be reported immediately to the respective Department Director, who coordinates all investigations with the City Attorney and other affected areas, both internal and external.

Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to

- Any dishonest or fraudulent act.
- 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.
- Disclosing or selling confidential taxpayer information to outside parties.
- Disclosing to other persons 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 in value than the rate established by the State of Texas, currently \$50.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity.

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Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management rather than the Finance Director.

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

Investigation Responsibilities

The respective Department Director 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 Department Director will issue reports to the appropriate designated personnel and, if appropriate, to the City Council. If, during an administrative investigation of an employee, information is found or developed indicating the employee may have committed a criminal offense, the information will immediately be referred to the appropriate law enforcement agency for investigation. The Department Director having supervisory authority over an employee suspected of committing a criminal act will immediately notify the City Manager of the possible criminal act.

Decisions to prosecute 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 senior management, as will final decisions on disposition of the case.

Confidentiality

The respective Department Director treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the respective Department Director immediately, and *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act (see **Reporting Procedure** section below).

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.

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Authorization for Investigating Suspected Fraud

The respective Department Director 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 might use or have custody of any such items or facilities when it is within the scope of their investigation.

Reporting Procedures

Great care must be taken in the in the investigation of suspected improprieties or irregularities so as 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 respective Department Director 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 respective Department Director or 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 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 Finance Director.

Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the City Manager and the City Attorney and, if necessary, by outside counsel, before any such action is taken. The respective Department Director does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee’s management. Should the Department Director believe the management decision inappropriate for the facts presented, the facts will be presented to the City Manager for a decision.

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Administration

The City Manager or his designated personnel is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.