



## TOWN OF MANSFIELD POLICY MEMORANDUM

**To:** All Town Employees  
**From:** Matthew W. Hart, Town Manager *M. W. Hart*  
**Date:** February 17, 2016  
**Subject:** Fraud Prevention and Reporting Policy

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### I. Purpose

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

The impact of misconduct and dishonesty may include:

- The actual financial loss incurred
- Damage to the reputation of our Town and our employees
- Negative publicity
- The cost of investigation
- Loss of employees
- Loss of public confidence
- Damaged relationships with our contractors and suppliers
- Litigation

Our goal is to establish and maintain an environment of ethics and honesty for our employees, our citizens, our suppliers and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and manager every day.

Mansfield is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal, where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

### II. Zero Tolerance Policy

The Town of Mansfield has adopted a zero tolerance policy regarding fraud. No employee of the Town shall remove any Town of Mansfield assets from the property, misuse any Town assets for one's personal gain, or willfully misappropriate any Town of Mansfield asset. Any evidence supporting fraud, theft or embezzlement of Town of Mansfield assets and equipment may be subject to the following actions including but not limited to: suspension, termination, restitution and criminal charges. Any Town of Mansfield employee who is aware of fraud being committed against the Town by anyone shall immediately report such activity to any one of the following people:

- Your supervisor or manager; or
- The Assistant Town Manager; or
- The Town Manager; or
- In the case of an Ethics Code violation, the Town's Ethics Board.

### III. Effective Date

This policy shall be effective immediately and shall remain in effect until revised or rescinded.

### IV. Prohibited Acts

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:

- A. Falsification of expenses and invoices
- B. Authorizing or receiving compensation for goods not received or services not performed
- C. Theft of cash or fixed assets
- D. Alteration or falsification of records
- E. Failure to account for monies collected
- F. Knowingly providing false information on job applications
- G. Authorizing or receiving compensation for hours not worked
- H. Embezzlement, bribery or conspiracy

### V. Reporting of Fraud

- A. Employees shall read and understand this policy. Additionally, suspected or known fraudulent acts by employees shall be reported to their respective Department Head. If the employee has reason to believe that their Department Head may be involved, the employee shall notify the Assistant Town Manager or Town Manager directly.
- B. Supervisors shall a) communicate the provisions of this policy to all staff; b) take no action without consulting the Department Head; c) recommend appropriate disciplinary action when there is evidence of wrong-doing; and d) if any form of discipline is recommended, consult with the Assistant Town Manager.
- C. Department Heads shall communicate any suspected or known fraudulent act to the Assistant Town Manager. The Assistant Town Manager will notify the Town Manager of each reported incident and keep the Town Manager abreast of the investigation. Should a report of suspected fraud be made against the Town Manager, the Assistant Town Manager will notify the Mayor of each reported incident.
- D. In the case of an Ethics Code violation, employees may report suspected or known fraudulent act(s) to the Town's Ethics Board.
- E. All participants in the fraud investigation shall keep the details and results of the investigation confidential.
- F. Any employee reporting an act of fraud in good faith, or assisting, testifying or participating in a fraud investigation, acting in accordance with the requirement of this policy, shall not be subject to any adverse employment action unless it is determined the employee is culpable for such action and/or made an allegation knowing it was false. Examples of adverse employment action include, but are not limited to, discipline, suspension, threatening to discipline or suspend, coercion, acts of intimidation and firing.
- G. Any reports received by the Town of alleged inappropriate or illegal conduct of a Mansfield Board of Education employee or public official will be referred to the Mansfield Superintendent of Schools, but if the alleged conduct involves the Superintendent of Schools, the matter will be referred to the Chairperson of the Board of Education.

This Policy does not preclude a person from reporting suspected activity as described in Section I, including but not limited to criminal activity, to an outside appropriate agency with jurisdiction. Employees reporting such suspected activity to an outside appropriate agency are still required to report the suspected activity to one of the following: their supervisor or manager; the Assistant Town Manager; the Town Manager; or in the case of an Ethics Code violation, the Town's Ethics Board.

#### **VI. False Allegations**

False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.

#### **VII. Deterring Fraud and Corruption**

The Town has established internal controls, policies and procedures in an effort to deter, prevent and detect fraud and corruption. Preferred candidates are subject to background investigations that may include but are not limited to criminal background check(s) pursuant to Chapter 7.2 of the Town's Personnel Rules. *Criminal* background checks are conducted on all preferred candidates for positions that collect money or have access to the Town's bank accounts, work with children, work with the frail/elderly, work in code enforcement, and public safety positions.

All vendors, contractors and suppliers must be active, in good standing and authorized to transact business in the Town of Mansfield. Vendors, contractors, and suppliers may be 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 periodically receive ethics, fraud and corruption awareness training. New employees will receive notification of this policy and the Town's Ethics Code dated May 29, 2012 and as may be amended from time to time, as part of their new hire intake.

#### **VIII. 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.

Offenders at all levels of the Town will be treated in a similar manner 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 nature and severity of the offense or offenses, more serious discipline up to and including termination may be issued without lower levels of discipline having been issued. Discipline of employees will be issued in accordance with procedures outlined in their relevant collective bargaining agreements or the Town's Personnel Rules as applicable. When it is determined that fraudulent activity has occurred, appropriate legal action, either civil or criminal may be pursued.