

TOWN OF DRACUT

Treasurer's Office

Procurement Policy

All requirements set forth in M.G.L., Chapter 30B of the Uniform Procurement Act shall be followed. Section 16 of Chapter 30B shall not apply to the acquisition by the Town of real property or an interest therein, for the purposes of community preservation and upon recommendation of the Community Preservation Committee.

Fraud Policy

Introduction:

The Town of Dracut is committed to its duty to ensure effective stewardship of public money and other assets and resources for which we are responsible. It is the policy of the Town of Dracut to prevent and deter all forms of fraud that could threaten the security of our assets or our reputation. The Town is committed to the prevention, detection, investigation and corrective action relative to fraud.

What is Fraud?

Fraud is a violation of trust that is defined as a deception deliberately practiced to secure unfair or unlawful gain. The term includes but is not limited to such acts as deception, bribery, forgery, extortion, theft, embezzlement, misappropriation of money or assets, false representation, the concealment of material facts relating to any of the above and collusion or conspiracy to commit any or all of the above.

What to do if you suspect fraudulent activity:

The Town recognizes there may only be a suspicion of fraud - thus any concerns should be reported to the Town Accountant . If the concern involves the Accountant, any concerns should be reported to the Town Manager. The Town Accountant has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Town Accountant will alert the Town Manager of any suspected fraudulent activities.

Actions:

All cases of suspected fraud will be investigated and appropriate action will be taken.

Applicability

This Policy applies to all elected and appointed officials of the Town of Dracut.

Fraud

Fraud can cover many activities, however this Policy is directed primarily at financial matters. It may include, but is not limited to:

Misappropriation of Assets

- 1) Forgery, alteration or misappropriation of checks, drafts, promissory notes or securities
- 2) Unauthorized use, or disposition of funds or property (for example, misuse of town owned computer hardware, software, data and other records; use of Town owned equipment, vehicles or work time for non-town purposes). All employees must read and certify by signature the "Town of Dracut E-mail and Internet Acceptable Use Policy".
- 3) Embezzlement
- 4) Theft
- 5) Falsifying time sheets or payroll records
- 6) Falsifying travel or entertainment expenses and/or utilizing Town funds to pay for personal expenses or for personal benefit
- 7) Fictitious reporting of receipt of funds

Fraudulent Financial Reporting

- 1) Improper revenue recognition
- 2) Improper expense/expenditure recognition
- 3) Overstatement of assets
- 4) Understatement of liabilities

Expenditures and Liabilities for Improper Purposes

Payments in money or other property, including but not limited to such things as jobs for families and friends, use of vacation properties, discounted or free services in exchange for benefits and other things of value, bribes and kickbacks

General Policy and Responsibilities

The Town will investigate any suspected acts of fraud, or misappropriation of property. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the Town of any person, group or organization reasonably believed to have committed fraud. Each Department Head 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. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

The Town Accountant has the primary responsibility for overseeing the investigation of all suspected fraudulent acts as defined in this policy. The Town Accountant will immediately notify the Town Manager of any fraud investigation. The Town Accountant

will involve the Finance Director, Town Counsel and Human Resource Director. The Finance Committee and others within Human Resources, Legal, or management as deemed appropriate will be notified. The Town Manager will notify the Board of Selectmen.

Any employee who has knowledge of an occurrence of fraudulent conduct, or has reason to suspect that a fraud has occurred, shall immediately notify The Town Accountant. In cases where the employee has reason to believe the Town Accountant may be involved, the employee shall immediately notify the Town Manager unless the Town Manager is also believed to be involved, and then the Chairman of the Board of Selectmen.

All department heads or individuals, upon discovery of any violation of this policy, must notify the Town Accountant of the violation. If it is determined by the Town Accountant that corrective action may be provided for internally within the department, the department head or individual will notify the Town Accountant as to the steps taken to correct the violation.

Upon conclusion of the investigation, the results will be reported to the Town Manager. All significant findings will be reported to the Board of Selectmen. Where there are reasonable grounds to believe that a fraud may have occurred, the Town Accountant may report the incident to the appropriate authorities, which shall include the Board of Selectmen, in order to pursue appropriate legal remedies. The Town Accountant will pursue every reasonable effort to obtain recovery of the assets.

Confidentiality

All participants and all persons questioned in a fraud investigation shall keep the details and results of the investigation confidential so as not to violate an individual's expectation of privacy.

Investigation

Upon notification or discovery of a suspected fraud, the Town Accountant shall immediately investigate the fraud. The Town Accountant will make every reasonable effort to keep the investigation confidential.

When deemed necessary, the Town Accountant shall coordinate the investigation with the Finance Director, outside auditors and/or the appropriate law enforcement officials. Legal counsel will be involved in the process, as deemed appropriate.

It should be noted that there may be certain instances of fraud that will be handled in the normal course of operations that will not result in a separate "investigation" by the Town Accountant. For these cases, periodic communications will be made to the Town Accountant updating the Director of the cases noted and actions taken.

Security of Evidence

Once a suspected fraud is reported, immediate action to prevent the theft, alteration, or destruction of relevant records shall be initiated. Such actions may include, but are not

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 shall be adequately secured until the investigation is complete.

Personnel Actions

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal is considered along with appropriate legal action. Disciplinary action will be determined by the appointing authority.

Whistle-Blower Protection

No employee of the Town, or person acting on behalf of the Town in attempting to comply with this policy shall:

- be dismissed or threatened with dismissal;
- be disciplined, suspended, or threatened with discipline or suspension;
- be penalized or any other retribution imposed, or
- be intimidated or coerced,

Violation of this section of the Policy may result in disciplinary action, up to and including dismissal.

If an allegation is made in good faith, but it is not confirmed by the investigation no action will be taken against the originator. If, however, the allegations were made in bad faith or without a justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation.

Receipt Policy

Purposes

To establish policies and procedures for efficient handling and timely turnover of Town monies collected by departments, boards and commissions.

Organizations Affected

All departments, boards and commissions of the Town involved in the collection of money.

Definitions

Petty Cash-An amount of money assigned to a department or division, to be used for small purchases or as a cash drawer for making change for customers. The amount remains constant and may include cash, checks, coin or receipts for purchases.

Treasurer's Receipt-The receipt issued by the Town Treasurer to departments, boards and commissions upon receipt of turnovers.

Policy

The policy for Petty Cash and the deposit of monies collected by departments is as follows:

Petty Cash is for the official business only, specifically the making of change to a customer or reimbursement of small amounts for items purchased by employees. Such reimbursements will be approved only upon presentation of the appropriate paid receipts. No employee shall use Petty Cash for personal business, even if the intent is to reimburse Petty Cash.

When a department has collections in cash, coin, checks or other negotiable instruments that total \$100.00 or more, a turnover should be made to the Town Treasurer. If a department has on hand collections less than \$100.00, the monies are to be turned over to the Treasurer, at a minimum, once a week.

Departmental collections not turned over daily are to be held in a location that is secure from potential fire and theft.

Collection of Monies

Departments shall issue all customers a pre-numbered receipt at the time of collection of monies.

- Departments shall properly identify all receipts for accounting purposes.

Cash Out

All departments, on a daily basis at a minimum, shall make an accounting of their cash drawer to assess if a turnover is required.

FINANCIAL POLICIES CERTIFICATION

I certify that I have received, read and understand the Procurement, Fraud and Receipt policies. I further certify that I will follow the requirements set forth in these policies.

Print Name

Signature

Department

Date

