

# CITY OF EL CENTRO

## POLICY STATEMENT

Policy Statement No: 308  
Category: General  
Subject: Fraud Policy and Procedures

Adopted: October 2011  
Revised:  
Distribution: All Departments

### **I. PURPOSE**

The City of El Centro is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees, to gain by deceit, financial or other benefits. This policy prohibits fraud or misuse of City of El Centro assets and sets forth specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

This policy applies to any fraud or suspected fraud involving City employees, volunteers, directors, council, boards and commission members as well as vendors, consultants, contractors, and/or any other parties with a business relationship with the City of El Centro. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the City of El Centro.

### **II. 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 fraud that is detected or suspected must be reported immediately to the Department Head and/or Human Resources Department, who coordinates all investigations.

#### **A. Actions Constituting Fraud**

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

1. Any dishonest or fraudulent act.
2. Forgery or alteration of any document or account belonging to the City of El Centro.
3. Forgery or alteration of a check, bank draft, or any other financial document.
4. Misappropriation of funds, securities, supplies, equipment, or other assets of the City of El Centro.
5. Impropriety in the handling or reporting of money or financial transactions.
6. Disclosing confidential and proprietary information to outside parties.

7. Accepting or seeking for personal use or financial gain anything of material value from contractors, vendors, or persons providing goods or services to the City of El Centro.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.
9. Authorizing or receiving compensation for goods not received or services not performed.
10. Any similar or related irregularity.

**B. Other Irregularities**

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the departmental directors. If there is a question as to whether an action constitutes fraud, contact the Human Resources Department for guidance.

**C. Investigation Responsibilities**

The Human Resources Department has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Human Resources Department may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Human Resources Director will issue reports to appropriate designated personnel, City Manager and City Council.

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 dispositions of the case and as allowed by personnel rules and regulations.

**D. Confidentiality**

The Human Resources Department will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Finance Director or the Human Resources Department immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures 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 of El Centro from potential civil liability.

**E. Authority for Investigation of Suspected Fraud**

The person responsible for the investigation will have:

1. Free and unrestricted access to all City of El Centro records and premises, whether owned or rented; and
2. 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 or any such items or facilities when it is within the scope of their investigations.

However, if the employee being investigated is a police officer or a firefighter, the person responsible for the investigation cannot search that employee's locker or other space for storage that may be assigned to him/her absent:

1. Consent;
2. A valid search warrant;
3. The employee's presence at the search; or
4. Prior notice to the employee that a search will be conducted.

#### **F. Reporting Procedures**

Great care must be taken 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 Human Resources Director. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the City Attorney's Department.

No information concerning the status of an investigation will be given out. The proper response to any inquiry 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:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the City of El Centro Attorney's Department and the Director of Human Resources.

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.

#### **G. Reference to Personnel Rules and Regulations**

Employees should note that Chapter 10 Section 1002 (i)(p) provide cause for disciplinary action should any of the terms of this policy be violated.