



Person County Government STANDARD PROCEDURE

SUBJECT: **Fraud Policy**

Effective Date: 11.7.11

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Revised:

Approved by:

A handwritten signature in black ink, appearing to read "J. B. Clayton".

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1.0 PURPOSE

The purpose of this Fraud Policy is to affirm that fraud and corruption will not be tolerated and to define the consequences of fraud and corruption. It also sets out the framework to ensure a timely and appropriate response to instances of alleged fraud or corruption.

The overall purpose is to limit the County's exposure to fraud and corruption and to minimize financial loss and the potential adverse affects on the County's image and reputation in the event of their occurrence.

2.0 APPLICABILITY

This policy applies to all Employees of the County of Person. Citizens may use the procedures established by this policy to report instances of alleged fraud and corruption.

3.0 POLICY

The County of Person will:-

- Institute and maintain cost effective measures and procedures to deter fraud and corruption within Person County Government
- Take firm and vigorous action against any individual or group perpetrating fraud against the County
- Encourage employees to be vigilant and to report any suspicion of fraud and corruption, and provide suitable channels of communication and ensure sensitive information is treated appropriately
- Rigorously investigate instances of alleged fraud and corruption, take the appropriate disciplinary actions and to seek restitution of any County asset fraudulently obtained together with the recovery of costs
- Assist law enforcement and all other appropriate authorities in the investigation and prosecution of those suspected of fraud or corruption

4.0 FRAUD STRATEGY

4.1 INTRODUCTION

The County of Person's Fraud Policy is aimed at addressing the following types of irregularity:

Fraud	"The intentional distortion of financial statements or other records by persons internal or external to the organization which is carried out to conceal the misappropriation of assets or otherwise for gain."
Corruption	"The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of a person."
Theft	"The dishonest appropriation of property belonging to an individual or organization with the intention of depriving the organization permanently of its possession."

*These definitions are adopted for the purpose of this policy only and are not intended to modify or supersede existing County policies and ordinances.

Fraud and Corruption may include but are not limited to the following:

Systems Issues - Where a process/system exists which is prone to abuse by either employees or the public.

Financial Issues - Where Employees have fraudulently obtained money from the County.

Equipment Issues - Where the County's equipment is used for inappropriate personal use.

Resource Issues - Where there is a misuse of resources, (e.g. theft of materials).

Other Issues- Activities undertaken by Employees of the County which may be: unlawful; against the County's policies, in violation of established standards or practices; or otherwise improper conduct.

The policy includes the following elements:

- Values and Expectations
- Reporting
- Prevention (e.g. effective internal control systems)
- Detection and Investigation

These elements are supported by extensive internal and external scrutiny of the County of Person's affairs by a range of bodies and individuals, including:

- The County Manager and Department Directors
- County of Person Taxpayers
- County of Person Service Users
- The Finance Office
- County Board of Commissioners
- External Auditors

4.2 VALUES AND EXPECTATIONS

Employees are expected to act under values that are intended to foster honesty and integrity and to lead by example in adhering to laws, ordinances, regulations, procedures and policies. They shall provide quality services which enhance the safety, livability, and prosperity of the community and shall do so with respect, professionalism, and integrity.

The County will provide clear procedures by which concerns can be raised by Employees, Citizens, and others outside the County. Department Heads and/or Supervisors will be expected to deal promptly and firmly with those who defraud the County or who are corrupt.

*****Additional Note:** Where applicable, members of the public, clients and external organizations (such as vendors and contractors) are expected to act with integrity and without intent to commit fraud or corruption against the County in any dealings they may have with the County. If any event of fraud or corruption is detected from an external level the appropriate external contacts will be made and the appropriate internal actions will be performed to further prevent any fraudulent actions in the future.*

4.3 REPORTING

Employees and the general public are important elements in the County of Person's stance on fraud and corruption. They are encouraged to raise any concerns they may have about fraud and corruption via:

- Department Managers / Department Heads
- Immediate Supervisors
- Finance Director
- Human Resources Director
- Fraud Hotline (336-330-2330)
- County Manager
- County Board of Commissioners Members

Person County supports an open door policy and suggests that employees share their questions, concerns, suggestions, or complaints with someone who can address them properly. In most cases, an employee's immediate supervisor is in the best position to address an area of concern. However, if an employee is not comfortable speaking with their supervisor or is not satisfied with their supervisor's response, the County maintains a means for submitting anonymous written reports at <http://fraud.personcounty.net>. This option is also available to the public, as well as the Fraud Hotline at 336-330-2330.

Formal complaints can also be made in writing and filed with the Finance Director and/or County Manager. Once the complaint is filed, the Finance Director will conduct a prompt and thorough investigation of the complaint.

To the extent permitted by law, reports of fraud and corruption will be treated in confidence and be taken seriously. Such reports will be properly investigated. Retaliation against any employee who files a report or voices a concern under this policy is strictly prohibited. Employees determined to have engaged in retaliatory behavior or who fail to maintain an employee's anonymity if requested may be subject to discipline, which could include termination of employment. Any employee who feels that he or she has been subjected to any behavior that violates this policy should immediately report such behavior to his or her supervisor, Human Resources Director, Finance Director, or the County Manager.

Please note that employees, who knowingly file misleading or false fraud or corruption reports, or file reports without a reasonable belief as to truth or accuracy, will not be protected by this policy and may be subject to appropriate disciplinary actions.

The County of Person will deal firmly with any proven Fraud or Abuse. Where, after a proper audit investigation has been performed, evidence is identified that fraud or corruption has or is occurring, the County shall refer the matter to Local Law Enforcement. Law Enforcement will pursue further investigation and criminal charges if considered appropriate.

Where the outcome of the audit or law enforcement investigation indicates improper conduct by an employee, the County's disciplinary process will be utilized by the Department Head of the affected Department, regardless of the disposition of any criminal charges. The matter will be referred to the County Attorney's office for the recovery of lost funds or property.

When it is determined that fraud or corruption has occurred due to a breakdown in the County's systems or procedures, Department Directors, in consultation with the Finance Director, Human Resources Director and the County Manager, shall be responsible for ensuring that appropriate improvements in the effectiveness of the internal control systems are implemented in accordance with any audit recommendations.

4.4 PREVENTION

The County of Person's External Auditor performs a yearly audit that is designed to assure the effectiveness of the internal control systems.

Employees are expected to operate within the following guidelines:

- A key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to hire individuals with integrity, clear up prior criminal history or suspicion prior to offering employment within the County of Person.
- Employees, once recruited, are expected to adhere to the County's Strategic Values, ordinances, administrative policies and state law, and to follow standards of conduct issued by their Departments.
- Disciplinary procedures for all categories of Employees will be utilized to address improper conduct.

4.5 DETECTION AND INVESTIGATION

Subject to the requirements of state and federal law, the County of Person will actively participate in an exchange of information with external agencies on fraud and corruption activity in relation to public bodies.

The operation of preventative systems, particularly internal control systems, within the County of Person, help to deter any fraudulent activity. However, such activity may nevertheless occur. It is often the alertness to the possibility of fraud and corruption by County Board of Commissioners Members, employees and the citizens of Person that lead to the detection of financial irregularities. This policy ensures that the County of Person has procedures in place to detect, investigate, and address fraud and corruption in a timely manner.

The Finance Director shall be notified immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances that may suggest the possibility of irregularities, including those affecting any County of Person Department that accepts payments from County customers.

Reporting of suspected irregularities is essential as it:

- Facilitates a proper investigation by experienced staff, and;
- Ensures the consistent treatment of information regarding fraud and corruption.

When notified, the Finance Director will investigate any allegations or tips that fraud and/or corruption is occurring. The Finance Director and appointed staff will:

- Work with appropriate department heads to deal promptly with the matter
- Gather evidence
- Record any evidence received
- Ensure the security and, to the extent permitted by law, the confidentiality of the evidence received
- Work closely with Department Heads and Human Resources Director in the concerned area and other agencies, such as law enforcement when necessary, to ensure that all issues are properly investigated and reported
- Report any such allegations and findings to the County Manager
- Ensure maximum recoveries are made on behalf of the County of Person, when appropriate
- Advise the Department Heads and County Manager on appropriate disciplinary actions
- During an investigation, an employee may need to be placed on paid administrative leave which is consistent with the County's Personnel Policy

4.6 CONCLUSION

The County of Person has in place a clear network of systems and procedures to prevent and detect fraud and corruption.

These policies should keep pace with any future developments in techniques for preventing and detecting fraudulent activity.