



**RESOLUTION 2010-805**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL  
OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,  
ADOPTING THE TOWN OF CAMP VERDE FRAUD POLICY.**

**WHEREAS**, the Mayor and Common Council of the Town of Camp Verde desire to establish and maintain an environment of fairness, ethics, and honesty for employees, citizens, suppliers, and anyone else with whom we have a relationship; and

**WHEREAS**, the Town recognizes the importance of protecting the organization, its taxpayers, its employees, and its assets against financial risks, operational breaches, and unethical activities; and

**WHEREAS**, the Town 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 by its own employees to gain by deceit financial or other benefit; and

**WHEREAS**, the Town is committed to the deterrence detection, and correction of misconduct and dishonesty;

**NOW THEREFORE, the Mayor and Common Council of the Town of Camp Verde hereby resolve:**

**TO** approve and adopt the "Town of Camp Verde Fraud Policy" attached hereto as Exhibit A; and

**THAT** certain document entitled "Town of Camp Verde Fraud Policy," three copies of which are on file in the office of the Town Clerk, is hereby declared to be a public record, and said copies are ordered to remain on file with the Town Clerk.

**ADOPTED AND APPROVED** by a majority vote of the Common Council at the regular meeting of February 17, 2010.

Bob Burnside, Mayor

**Attest:**

  
Deborah Barber, Town Clerk 2-25-10

**Approved as to form:**

  
Town Attorney

# Town of Camp Verde Fraud Policy

## Introduction

The Town of Camp Verde recognizes the importance of protecting the organization, its taxpayers, its employees, and its assets against financial risks, operational breaches and unethical activities. Therefore, the management must 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 the 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
- Damaged employee morale

The Town of Camp Verde's goal is to establish and maintain an environment of fairness, 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.

The Town of Camp Verde 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.

## Purpose

Maintaining an ethical environment is a top priority for the Town of Camp Verde. The Town's Fraud Policy formalizes the expectations of personal honesty and integrity required of Town officials and employees. The Town of Camp Verde 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 the Town of Camp Verde's assets and sets forth specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

## Definitions

As used in this policy, the terms listed below shall have the following definitions:

1. Assets – the entire property of the Town of Camp Verde. Assets include, but are not limited to, all Town vehicles, building properties, office equipment, software, cash receivables, wages and benefits, equipment, and tools.

2. Corruption – the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity.
3. Embezzlement – any loss resulting from the misappropriation of the Town of Camp Verde's assets.
4. Employee(s) – all Town of Camp Verde employees, independent contractors, consultants, temporary workers, and volunteers.
5. Fraud – the intentional deception, misappropriation of resources, or the manipulation of data to the advantage or disadvantage of a person or entity.
6. Loss – the Town of Camp Verde losing possession or control of any type of asset through fraudulent activities.
7. Misappropriate – to take or make use of any item without authority or right.
8. Misapplication – illegal or improper use of lawfully held funds or property.

### Zero Tolerance Policy

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

### 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:

- Falsification of expenses and invoices.
- Authorizing or receiving compensation for goods not received or services not performed.
- Theft of cash or any assets.
- Forgery, unauthorized alteration or falsification of records.
- Improprieties in the handling or reporting of money transactions.
- Knowingly providing false information on job applications.
- Authorizing or receiving compensation for hours not worked.
- Embezzlement, bribery or conspiracy.
- Misappropriation, misapplication, destruction, removal, or concealment of Town of Camp Verde property.
- Misrepresentation of fact.
- Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of Town-owned software.
- Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.

### Deterring Fraud and Corruption

The Town has established internal controls and policies and procedures in an effort to deter, prevent, and detect fraud and corruption. All new full time employees are subject to background investigations including a criminal background check(s). All temporary, part-time, and seasonal employees may be subject to a criminal background check based on position and

possible duration or employment. The Town may also verify all applicants' employment history, education and personal references prior to making an offer of employment.

All vendors, contractors, and suppliers must be in good standing and be authorized to transact business in the Town of Camp Verde. 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 receive annual fraud and corruption awareness training (ethics training). New employees will receive this policy as part of their training at orientation. Employees will be required to sign an acknowledgement verifying that they received a copy of the fraud policy and attended the awareness training.

Each department 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.

### Reporting of Fraud or Corruption

Allegations and concerns about fraudulent or corrupt activity may come from various sources including employees, vendors, members of the public, results of internal and external audit reviews, or from any other interested parties.

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor, or any other party with any association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the Town nor any person acting on behalf of the Town shall:

- Dismiss or threaten to dismiss the employee,
- Discipline, suspend, or threaten to discipline or suspend the employee,
- Impose any penalty upon the employee, or
- Intimidate or coerce the employee.

Violations of the whistle-blower protection will result in discipline up to and including termination.

Concerns should be reported to any of the following:

- Town Manager
- Town Council
- Human Resources Director
- The employee's immediate supervisor
- Anonymous Ethics Hotline (aka Whistle-Blower Hotline)

## Reporting Procedures

### A. Mayor and Town Council Responsibilities

1. If the Mayor or a Town Councilmember has reason to suspect that a fraud has occurred, he or she shall immediately contact the Town Manager (or contact the Town Attorney or Human Resources Director if the Town Manager is involved).
2. The Mayor or Town Councilmember shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the Town Manager (Town Attorney or Human Resources Director if the Town Manager is involved).
3. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the Town Manager in consultation with the Town Attorney and the Human Resources Director.

### B. Management Responsibilities

1. Management is responsible for being alert to, and reporting fraudulent or related dishonest activities in their areas of responsibility.
2. Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is, or was, in existence in his or her area.
3. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
4. If management determines a suspected activity may involve fraud or related dishonest activity, they should contact their immediate supervisor (or contact the Town Manager or Human Resources Director if the supervisor is involved).
5. Department Heads should inform the Town Manager (or contact the Town Attorney or Human Resources Director if the Town Manager is involved).
6. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
7. Management should support the Town's responsibilities and cooperate fully with the Human Resources Department, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
8. Management must give full and unrestricted access to all necessary records and personnel. All Town furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.
9. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management should avoid the following:
  - a. Incorrect accusations.
  - b. Alerting suspected individuals that an investigation is underway.
  - c. Treating employees unfairly.
  - d. Making statements that could lead to claims of false accusations or other offenses.
10. In handling dishonest or fraudulent activities, management has the responsibility to:
  - a. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the misappropriation", etc.

- b. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the Town, unless specifically directed to do so by the Town Attorney.
- c. Avoid discussing the case with anyone inside the Town other than employees who have a need to know such as the Town Manager, Human Resources Director, Town Attorney, or law enforcement personnel.
- d. Direct all inquiries from the suspected individual, or his or her representative, to the Town Manager or Town Attorney. All inquiries by an attorney of the suspected individual should be directed to the Town Attorney. All inquiries from the media should be directed to the Town Manager.
- e. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the Human Resources Director, in conformance with the Town's Personnel Policies and Procedures or the appropriate bargaining document.

C. Employee Responsibilities

- 1. A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee's supervisor for reporting to the proper management official.
- 2. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management and/or the Town Manager (or contact the Town Attorney or Human Resources Director if the next higher level of management and/or the Town Manager is involved).
- 3. If the employee is uncomfortable reporting the information directly to management, the employee may make an anonymous report through the Ethics Hotline (aka Whistle-Blower Hotline).
- 4. The reporting employees shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the Town Manager, Human Resources Director, Town Attorney, or law enforcement personnel.

D. Human Resources Department Responsibilities

- 1. Upon assignment by the Town Manager, the Human Resources Director will promptly investigate the fraud.
- 2. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Human Resources Director, in consultation with the Town Attorney, will contact the Marshal's Department.
- 3. The Human Resources Director shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.
- 4. If evidence is uncovered showing possible dishonest or fraudulent activities, the Human Resources Director will proceed as follows:
  - a. Discuss the findings with the appropriate management/supervisor and the department director.
  - b. Advise management, if the case involves staff members, to meet with the Human Resources Director (or his/her designated representative) to determine if disciplinary actions should be taken. Any disciplinary action taken will be in accordance with the Town Personnel Rules and any applicable Memorandums of Understanding.
  - c. Report to the External Auditor such activities in order to assess the effort of the illegal activity on the Town's financial statements.
  - d. Coordinate with the Town's Risk Management insurer regarding notifications to insurers and filing of insurance claims.

- e. Take immediate action, in consultation with the Town Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:
  1. Removing the records and placing them in a secure location, or limiting access to the location where the records currently exist.
  2. Preventing the individual suspected of committing the fraud from having access to the records.
5. In consultation with the Town Attorney and the Marshal's Department, the Human Resources Department may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
6. If the Human Resources Department is contacted by the media regarding an alleged fraud or audit investigation, the Human Resources Department will consult with the Town Manager and the Town Attorney, as appropriate, before responding to a media request for information or interview.
7. At the conclusion of the investigation, the Human Resources Department will document the results in a confidential memorandum report to the Town Manager and the Town Attorney. If the report concludes that the allegations are founded, the report will be forwarded to the Marshal's Department for subsequent transfer to the County Attorney for disposition.
8. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the audit. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Human Resources Department no later than seven calendar days after notice is received.
9. The Human Resources Department will be required to make recommendations to the appropriate department for assistance in the prevention of future similar occurrences.
10. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Human Resources Department to that department.

### 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.

### Corrective Action and Discipline

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 (or Town Council if the Town Manager is involved).

Offenders at all levels of the Town will be treated equally 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.

Appropriate and timely action will be taken against those proven to have committed fraudulent acts. These remedial actions may include, but are not limited to:

1. Disciplinary action (up to and including immediate termination of employment).

2. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
3. Forwarding information to the appropriate authorities for criminal prosecution.
4. Institution of civil action to recover losses.
5. Where the Town of Camp Verde elects to take corrective or disciplinary action, it will proceed under the procedures in place under policy or under any collective bargaining agreement for the respective employment classification.
6. The Town of Camp Verde may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from fraudulent conduct.

### Confidentiality

All investigations will be conducted in confidence insofar as reasonably possible. The names or names of those communicating information about a fraudulent act or the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.

### Questions or Clarifications Related To This Policy

All questions or other clarifications of this policy and its related responsibilities should be addressed to the Town Manager, who shall be responsible for the administration, revision, interpretation, and application of this policy.