

TOWN OF CHESTER

Anti-Fraud Policy

Effective September 1, 2013

INTRODUCTION

The Town is committed to facilitating the management and accountability of the Town's resources and assets against financial risks, operational breaches, and unethical activities. It is the policy of the Town of Chester to prevent and deter fraud. The Town is committed to the prevention, detection, investigation and corrective action relative to fraud and has adopted a zero tolerance policy regarding fraud. All reports raised by any source will be taken seriously and properly investigated. The Policy prohibits fraud or misuse of the Town's assets and sets forth specific guidelines and responsibilities that must be followed for the investigation of fraud and other similar irregularities. The Policy applies to all Town employees and officials and any other individuals or entities having a financial relationship with the Town.

DEFINITION OF 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, manipulation of data, the concealment of material facts relating to any of the above and collusion or conspiracy to commit any or all of the above.

EXAMPLES OF FRAUD

Fraud can cover many activities. It may include, but is not limited to the following:

Misappropriation of Assets

- Forgery, alteration or misappropriation of checks, drafts, promissory notes or securities
- 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)
- Embezzlement
- Theft
- Falsifying time sheets or payroll records
- Falsifying travel or entertainment expenses and/or utilizing Town funds to pay for personal expenses or for personal benefit
- Fictitious reporting of receipt of funds
- Failure to account for funds collected

Fraudulent Financial Reporting

- Improper revenue recognition
- Improper expense and/or expenditure recognition
- Overstatement of assets
- Understatement of liabilities

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Expenditures and Liabilities for Improper Purposes

Payments in money or other property, including but not limited to, 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

A. PREVENTION AND DETECTION

Each department, board, and commission is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, including, but not limited to, misappropriation of assets, fraudulent financial reporting, expenditures and liabilities for improper purposes, and other financial irregularities. Each board, commission and department should be familiar with the types of financial improprieties that might occur within its area of responsibility and must be alert for any indications of such misconduct.

B. REPORTING VIOLATIONS OF THE POLICY

1. All employees and Town officials must report suspected or known fraudulent acts by Town employees, officials, and other individuals or entities having a financial relationship with the Town.
2. The report should be made to the Board of Selectmen, Finance Director, or the alleged violator's appointing authority or direct supervisor. The individual, board or commission receiving the allegation must notify the Board of Selectmen and Finance Director of the alleged violation immediately. If the allegation is against the Board of Selectmen, the Finance Director must be notified instead. If the allegation is against the Finance Director, the Board of Selectmen must be notified.

C. INVESTIGATION

1. The Town will investigate any suspected violation of this Policy.
2. An objective and impartial investigation of the alleged violator will be conducted regardless of the position, title, length of service, or relationship with the Town.
3. The method of investigation, including the designation of an Investigating Officer or Investigating Officers, will be determined on a case-by-case basis by the Board of Selectmen. It is expected, however, that the Finance Director, by virtue of his/her unique skills and qualifications with regard to the financial affairs of the Town, will generally be responsible for investigating violations of this Policy.

D. CONFIDENTIALITY

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All participants and all persons questioned in a fraud investigation shall keep any information discussed during the interview confidential to the extent permitted by law.

E. PERSONNEL AND LEGAL ACTION

If an individual is found to have violated this Policy, appropriate legal action including referral to law enforcement may be taken and disciplinary action, up to and including dismissal, may be imposed. In all cases involving a loss of Town funds or assets, the Town will pursue recovery of its funds or assets including its investigation and legal expenses.

F. RETALIATION PROHIBITED

No employee, official, or any person who reports a violation of this Policy in good faith, or participates in an investigation shall be retaliated against. Any individual who engages in retaliation against an individual who has made a good-faith allegation or participated in an investigation under this Policy may be subjected to disciplinary action, up to and including dismissal. The Town may also take disciplinary action, up to and including termination, against individuals who make allegations in bad faith or without a justifiable basis.

G. IMPLEMENTATION

A copy of this Policy shall be provided to all Town employees, volunteers, boards and commissions upon hire, appointment, or election to office and at such other times as may be necessary. Each individual shall sign an acknowledgement that he/she has read the Policy and understand his/her responsibilities under the Policy.

Adopted by vote of the Board of Selectmen on this date, the 1st day of Sept. 2013.

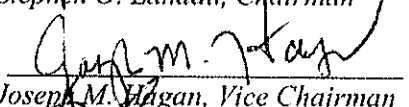
TOWN OF CHESTER

BOARD OF SELECTMEN

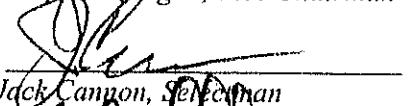
BY:


Stephen O. Landau, Chairman

BY:


Joseph M. Hagan, Vice Chairman

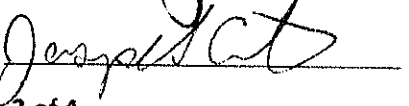
BY:


Jack Cannon, Selectman

BY:


Richard J. LeBlanc, Selectman

BY:



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Joseph S. Castricone, Selectman