Town of Charlotte

ESTABLISHED 1762

POLICY ON THE MISUSE OF PUBLIC TRUST AND FRAUD

Section 1.0 - Statement of Policy Principles

The Town of Charlotte is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, subcontractors, agents, intermediaries or itsown employees, to gain by deceit, financial or other benefits.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

Section 2.0 - Applicability

This policy applies to all elected and appointed individuals serving the Town, all employees of the Town of Charlotte and to appointees, contractors, or employees working for town boards, departments, commissions or committees over which the Selectboard has authority to require general policies to be followed.

Section 3.0 - Definitions Fraud, and other similar irregularities means:

3.1. Forgery or alteration of checks, drafts, promissory notes, and securities.

3.2. Any misappropriation of funds, securities, supplies or any other asset.

3.3. Any irregularity in the handling or reporting of money transactions.

3.4. Misappropriation of furniture, fixtures and equipment.

3.5. Seeking or accepting anything of material value from vendors, consultants or contractors doing business with the Town.

3.6. Unauthorized use or misuse of Town property, equipment including computers, public records or other town materials.

3.7. Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Town-owned or leased software.

3.8. Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Town.

3.9. Any similar or related irregularity.

Section 4.0 - General Policy and Responsibilities

The Selectboard 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.

4.1. Investigation - It is the Town's intent to fully investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Town of any party who might be or becomes involved in or becomes/is the subject of such investigation.

4.2. Responsibility for Investigation & Final Report - The Selectboard, in consultation with the Town's independent auditing firm, and the Town Attorney, has the primary responsibility for the investigation of all matters in this policy and issuing a Final Investigation Report. However, if there is a complaint or investigation made regarding the Selectboard, Town Administrator or a Selectboard Member, then the Town Attorney &/or the State's Attorney Office has the primary responsibility for the investigation and final investigation report.

4.3. Restitution - The Town will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the Town losses from the offender, or other appropriate source(s).

Section 5.0 - Procedures

5.1. Confidentiality - All participants in a fraud complaint or investigation shall keep the details and results of the investigation confidential, except as otherwise required by state statutes. However, the Town Attorney, State Attorney's or State Auditor's Office, may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

5.2. Report of Complaint - by Employees and Town Committee Volunteers - Any employee or town committee volunteer who has knowledge of a fraud, or has reason to suspect that a fraud has occurred, the employee shall notify the Select board Chair. The Town Attorney shall be notified in the absence of the Selectboard Chair. The complainant shall not discuss the matter with anyone other than his/her supervisor, the Town Attorney, State Auditor and/or State Attorney's Office. All notifications shall be made as soon as practical and must be given in writing and not anonymously. Complainants who knowingly make false allegations will be subject to discipline up to and including dismissal or legal action.

5.3. Report of Complaint to Supervisor - Upon notification from an employee of suspected fraud, or if the supervisor has reason to suspect that a fraud has occurred, the supervisor shall immediately notify the Selectboard Chair. The supervisor is responsible for monitoring potential fraud by consultants and contractors working directly for their department and reporting any potential fraud to the Selectboard Chair.

5.4. Receipt of Complaint - When the complaint is received by the Selectboard Chair, he(she) will ensure that there is sufficient information submitted by the complainant to allow the Selectboard and Town Attorney to verify the matters in the complaint. If the Town determines that the potential for a suspected fraud warrants additional investigation, and then the Town will promptly gather any additional information necessary to begin an investigation. If there is a determination that there is no need for further investigation, the Selectboard Chair or Town Attorney will meet with the original complainant to review the finding and also submit a confidential memo to the Selectboard advising whether or not the original complaint was criminal or not.

5.5. Investigation & Final Report - If determined to not be criminal, but the Selectboard determines that there is still a need for a full investigation, the Selectboard shall coordinate the investigation with the Town Attorney and if necessary appropriate law enforcement officials. If determined to be criminal, the matter shall be fully investigated by the Vermont State Police and other law enforcement and no other town officials. At no point following the receipt of the initial complaint, shall the complainant, supervisor, Selectboard members or other involved parties attempt to independently investigate the suspected fraud or to discuss the matter with anyone other than the person(s) to whom the fraud was reported, the Town Attorney, State Auditor or State Attorney's Office or State Police. A summary of the final investigation report shall be in the

form of a confidential memorandum to the person that is the subject of the complaint, the complainant and the Selectboard personnel files and include the complainant's name, the allegation and! Statement concluding the investigation. The conclusion may be, but is not limited to, one of the following:

i. that there was no fraud or impropriety discovered;

ii. there are irregularities that should be further investigated but no crime has occurred; or

iii. that the matter was turned over to the State Attorney's office for prosecution. If there are criminal proceedings, the Selectboard and State Police will monitor that action.

5.6. Media Issues- All media requests pertaining to any activity covered by this policy shall be immediately referred, without comment, to the Chair of the Charlotte Selectboard.

5.7. Security of Evidence- Once a complaint is reported to the Selectboard Chair, then the Town Attorney, Vermont State Police or Selectboard Chair shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily 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 must be adequately secured until the records are no longer needed for the investigation.

5.8. Personnel Actions and Notice - If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including suspension with or without pay, dismissal, termination of contract and termination of appointment, shall be taken by the appropriate level of management, in consultation with the Town Attorney and in conformance with the Town's Personnel Guidelines and Vermont State Law. Unless exceptional circumstances exist, a person or firm under investigation for fraud shall be

Given notice in writing of the essential particulars of the allegations following the initial review by the Selectboard and after the security provisions in Section 5.7 have been completed.

5.9. Completion of Investigation - Upon completion of the investigation, including all legal and personnel actions, any records, documents and other evidentiary material will be maintained by the Selectboard in a locked file cabinet for the time period required by Vermont State Law.

5.10. Whistle-Blower Protection - No employer, supervisor or person acting on behalf of an employer shall:

- dismiss or threaten to dismiss a complainant;
- discipline or suspend or threaten to discipline or suspend a complainant;
- impose any penalty upon a complainant; or
- intimidate or coerce a complainant,

because the employee, volunteer, contractor or consultant acted in accordance with the requirements of the policy. The violation of this section will result in discipline up to and including dismissal.

5.11. Posting and Notice - The Town Administrator shall be responsible for annually distributing this policy, or amendments hereto, to Selectboard members, and also for providing notice of the policy to all individuals that are subject to

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the policy. Such notice being sufficient by posting the most current policy on the town web site, maintaining a current copy with the Charlotte Town Clerk's Office and posting in each department's employee area.

5.12. Effective Date and Policy Revisions -

Be it enacted by the Select Board of the Town of Charlotte, Vermont – 05445:

The foregoing Policy is hereby adopted by the Select Board of the Town of Charlotte, Vermont, this ##th day of April 2015 and is effective as of this date until amended or repealed.

Approved ____/____/2015

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Lane Morrison, Chair

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Fritz Tegatz

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Matthew Krasnow

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Jacob Spell

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Carrie Spear