



# Town of Charlotte

ESTABLISHED 1762

## POLICY ON ~~THE MISUSE OF PUBLIC TRUST AND FRAUD~~ AND DECEITFUL ACTS

Reviewed by Sullivan Powers & Co. 8/4/15

Reviewed by Selectboard 9/14/15

Reviewed with proposed edits by Stitzel, Page & Fletcher 9/22/15

### 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 its own officers, employees, and volunteers to gain by fraud or 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~~ deceitful acts.

### Section 2.0 - Applicability

This policy applies to all elected and appointed individuals ~~[JMI]~~ serving the Town, all employees of the Town of Charlotte and to appointees, contractors, ~~or~~ employees and volunteers working for or with 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~~ deceitful acts” means:

- 3.1. Forgery or alteration of checks, drafts, promissory notes, and/or securities.
- 3.2. Any knowing or willful misappropriation of funds, securities, supplies or any other assets of the Town.
- 3.3. Any knowing or willful irregularity in the handling or reporting of money transactions.
- 3.4. Misappropriation of furniture, fixtures and/or 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, or equipment, including computers, vehicles, tools, ~~public~~ records or other town-owned materials.

34 3.7. Any computer related activity involving the alteration, destruction, forgery or manipulation of  
35 data for fraudulent purposes or misappropriation of Town-owned or leased software.

36 3.8 Submission of a claim to pay a fictitious vendor.

37 3.89. Any claim for reimbursement of expenses that are not made for the exclusive benefit of the  
38 Town.

39 3.910. Any irregular act similar or related irregularity to those acts listed above, irrespective of whether  
40 such act involves criminal or merely deceitful conduct.

41 “Material Value” means a value in excess of \$25.00, in any calendar year.

42

43 **Section 4.0 - General Policy and Responsibilities**

44 The Selectboard is responsible for instituting and maintaining a system of internal control to provide  
45 reasonable assurance for the prevention and detection of fraud, ~~misappropriations~~ and other  
46 irregularities similar deceitful acts.

47 4.1. Investigation - It is the Town's intent to fully investigate any suspected acts of fraud,  
48 ~~misappropriation or and~~ other similar irregularity deceitful acts. An objective and impartial investigation  
49 will be conducted regardless of the position, title, and length of service or relationship with the Town of  
50 any party person who might be or becomes involved in or becomes/is the subject of such investigation.

51 4.2. Responsibility for Investigation & Final Report - The Selectboard, in consultation with the  
52 Town's independent auditing firm, and the Town Attorney, has the primary responsibility for the  
53 investigation of all matters in this policy and issuing a Final Investigation Report. However, if there is a  
54 complaint or investigation made regarding the Selectboard, Town Administrator or a Selectboard  
55 Member, then the Town Auditors, Town Attorney &/or the State's Attorney Office has the and/or  
56 appropriate law enforcement agencies shall have primary responsibility for the investigation and final  
57 investigation report.

58 4.3. Restitution - The Town will pursue every reasonable effort, including court ordered restitution,  
59 to obtain recovery of the Town's losses, if any, from the offender, ~~or and~~ other appropriate source(s).

60 **Section 5.0 - Procedures**

61 5.1. Confidentiality - All participants in a fraud complaint or investigation shall keep the details and  
62 results of the investigation confidential, except as otherwise required by state statutes. However, the  
63 ~~Town Attorney, State Attorney's or State Auditor's Office, the investigating parties identified above~~  
64 may, in appropriate circumstances, disclose particulars of the investigation with potential witnesses if  
65 such disclosure would further the investigation.

66 5.2. Report of Complaint –by Employees and Town Committee Volunteers - Any employee  
67 or town ~~committee~~ volunteer who has knowledge of a fraud or other similar deceitful act, or has

68 reason to suspect that a fraud or other similar deceitful act has occurred or may occur, ~~the employee~~  
69 shall notify the Select-board Chair. The Town Attorney shall be notified in the absence of the  
70 Selectboard Chair. The complainant shall not discuss the matter with anyone other than his/her  
71 supervisor, the Town Attorney, ~~State Auditor and/or State Attorney's Office~~ and/or appropriate law  
72 enforcement personnel without prior consent. All notifications shall be made as soon as practical  
73 and must be given in writing and not anonymously. Complainants who knowingly make false  
74 allegations will be subject to discipline up to and including dismissal or legal action.

75 5.3. Report of Complaint to Supervisor - Upon notification from an employee of suspected fraud or  
76 other similar deceitful act, or if the supervisor has reason to suspect that a fraud or other similar deceitful  
77 act has occurred, the supervisor shall immediately notify the Selectboard Chair, who shall promptly  
78 thereafter notify the other Selectboard members and Town Attorney. The supervisor is responsible for  
79 monitoring potential fraud or other similar deceitful acts by consultants and contractors working  
80 directly for their department and reporting any potential fraud to the Selectboard Chair.

81 5.4. Receipt of Complaint - When the complaint is received by the Selectboard Chair, he/she  
82 will ensure that there is sufficient information submitted by the complainant to allow the Selectboard  
83 and Town Attorney to verify the matters in the complaint. If the ~~Town-Selectboard~~ determines that the  
84 potential for a suspected fraud warrants additional investigation, the Selectboard Chair and Town  
85 Attorney will promptly gather any additional information necessary to begin an investigation. If there is  
86 a determination that there is no need for further investigation, the Selectboard Chair or Town Attorney  
87 will meet with the original complainant to review the finding and also submit a confidential memo to the  
88 Selectboard advising whether or not ~~the original complaint was criminal or not~~ to refer the matter to law  
89 enforcement personnel for criminal investigation.

90 5.5. Investigation & Final Report - If ~~determined to not be~~ criminal referral occurs, but the  
91 Selectboard determines that there is still a need for ~~a full~~ further investigation, the Selectboard shall  
92 coordinate the investigation with the Town Attorney and if necessary appropriate law enforcement  
93 officials. If ~~determined to be a~~ criminal referral occurs, the matter shall be fully investigated by ~~the~~  
94 ~~Vermont State Police and other~~ appropriate law enforcement personnel and ~~not by other~~ town officials. At  
95 no point following the receipt of the initial complaint, shall the complainant, supervisor, Selectboard  
96 members or other involved parties attempt to independently investigate the suspected fraud or ~~to~~ discuss  
97 the matter with anyone other than the person(s) to whom the fraud was reported, the Town Attorney,  
98 ~~State Auditor or State Attorney's Office or State Police~~ the Town's auditors, law enforcement personnel  
99 or persons designated by them. A summary of the final investigation report shall ~~be~~ in the form of a  
100 confidential memorandum to the person that is the subject of the complaint, the complainant and the  
101 Selectboard personnel files and include the complainant's name, the allegation and Statement  
102 concluding the investigation. The conclusion may be, but is not limited to, one of the following:

- 103 i. that there was no fraud or impropriety discovered;
- 104 ii. there are irregularities that should be further investigated but no crime has occurred; or

105 | iii. that the matter was turned over to ~~the State Attorney's office~~ law enforcement for investigation  
106 | and potential prosecution. If there are criminal ~~proceedings~~ charges brought, the Selectboard and ~~State~~  
107 | ~~Police~~ Town Attorney will monitor that action.

108 | 5.6. Media Issues- All media requests pertaining to any activity covered by this policy shall  
109 | be immediately referred, without comment, to the Chair of the Charlotte Selectboard or Town Attorney.

110 | 5.7. Security of Evidence- Once a complaint is reported to the Selectboard Chair, then the  
111 | ~~Town Attorney, Vermont State Police or~~ Selectboard Chair, Town Attorney and persons designated by  
112 | them shall take immediate action to preserve evidence and prevent the theft, alteration, or destruction  
113 | of relevant records and other materials, including, without limitation, all electronic records and  
114 | communications, and media made by or saved on town computers or equipment. Such actions include,  
115 | but are not necessarily limited to, removing the records and placing them in a secure location, limiting  
116 | access to the location where the records currently exist, and preventing the individual suspected of  
117 | committing the fraud from having access to the records. The records must be adequately secured until  
118 | the records are no longer needed for the investigation. Upon notice by the Selectboard Chair, Town  
119 | Attorney or other persons designated by them, all persons subject to this policy shall have an affirmative  
120 | obligation to preserve and safeguard identified records and other materials for inspection.

121 | 5.8. Personnel Actions and Notice — During the pendency of an investigation, the person who is the  
122 | subject of the investigation may be relieved of their duties, with pay, as appropriate. If a suspicion of  
123 | fraud is substantiated by the investigation, disciplinary action, up to and including suspension with or  
124 | without pay, dismissal, termination of contract and termination of appointment or employment, shall be  
125 | taken by the appropriate level of management, in consultation with the Town Attorney and in  
126 | conformance with the Town's Personnel Guidelines and Vermont State Law. Unless exceptional  
127 | circumstances exist, a person or firm under investigation for fraud shall be

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

130 | 5.9. Completion of Investigation - Upon completion of the investigation, including all legal and  
131 | personnel actions, any records, documents and other evidentiary material will be maintained by the  
132 | Selectboard in a locked file cabinet for the time period required by Vermont State Law.

133 | 5.10. Whistle-Blower Protection - No employer, supervisor or person acting on behalf of an employer  
134 | shall:

- 135 | • dismiss or threaten to dismiss a complainant;
- 136 | • discipline or suspend or threaten to discipline or suspend a complainant;
- 137 | • impose any penalty upon a complainant; or
- 138 | • intimidate or coerce a complainant,

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

141 5.11. Posting and Notice - The Town Administrator shall be responsible for annually distributing this  
142 policy, or amendments hereto, to Selectboard members and the Town Attorney, and also for providing  
143 notice of the policy to all individuals that are subject to the policy. Such notice being sufficient by  
144 posting the most current policy on the town web site, maintaining a current copy with the Charlotte  
145 Town Clerk's Office and posting in each department's employee area.

146 5.12. Effective Date and Policy Revisions -

147 ~~Be it enacted by the Select Board of the Town of Charlotte, Vermont—05445:~~

148 The foregoing Policy is hereby adopted by the Select Board of the Town of Charlotte, Vermont, this \_\_\_\_  
149 day of \_\_\_\_\_, 2015 and is effective as of this date until amended or repealed.

150

151

152

153 \_\_\_\_\_

154 Lane Morrison, Chair

155

156 \_\_\_\_\_

157 Fritz Tegatz

158

159 \_\_\_\_\_

160 Matthew Krasnow

161

162 \_\_\_\_\_

163 Jacob Spell

164

165 \_\_\_\_\_

166 Carrie Spear