



ANTIFRAUD POLICY

PURPOSE

To protect town assets and its reputation from misappropriation and abuse by creating an environment in which employees and citizens can report any suspicion of fraud, communicating the Town's intent to prevent, report, investigate, and disclose to proper authorities suspected fraud, abuse, and similar irregularities, and providing management with guidelines and responsibilities regarding appropriate actions in conducting investigations of alleged fraud and similar improprieties.

APPLICABILITY

This policy pertains to any suspected fraud, abuse, or similar irregularity against the Town. It applies to the Board of Selectmen, Town Administrator, School Committee and all other elected town officials; their appointees; all Town of Hubbardston employees, including all members of its Boards, Committees or Commissions; and to any other persons acting on behalf of the Town, such as vendors, contractors, consultants, volunteers, temporary, and casual employees, and grant sub-recipients.

POLICY

The Town is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, consultants, vendors, agents, or its own employees, to gain by deceit, financial or other benefits at the expense of taxpayers. Town officials, employees and other persons acting on behalf of the Town must, at all times, comply with all applicable policies, laws, and regulations. The Town will not condone any violation of law or ethical business practices and will not permit any activity that fails to stand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate any suspected acts of fraud or other similar irregularities regardless of the position, title, length of service, or relationship with the government of any party who may be the subject of such investigation.

Further, it is through this policy that the Town also seeks to protect all officials, employees and associated parties from false or erroneous allegations by providing them with sufficient knowledge and training relative to the Town's fraud prevention policies and procedures to ensure that they fully understand the culture of the environment they are operating within.

A. Definitions

Any person acting on behalf of the Town shall mean any person responsible for or to Hubbardston's government placed in that position by some official relationship with the Town.

Abuse can occur in financial or nonfinancial settings and refers to, but is not limited to:

- Improper use or misuse of authority
- Improper use or misuse of Town property, equipment, materials, records, or other resources
- Waste of public funds

Fraud or other irregularity refers but is not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of Town activities
- Disclosing confidential or proprietary information to outside parties
- Accepting or seeking anything of material value from consultants, contractors, vendors, or persons providing services or materials to the Town
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Any claim for reimbursement of expenses not made for the exclusive benefit of the Town
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes
- Any omissions and misrepresentations made in bond offering documents, presentations to rating agencies, and annual financial reports

B. Antifraud Responsibilities

Every employee has the responsibility to assist the Town in complying with policies and laws and in reporting violations. The Town encourages the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

Town managers and officials are responsible for instituting and maintaining a system of internal controls to reasonably ensure the prevention and detection of fraud, misappropriations, and similar irregularities. Management should be familiar with the types of improprieties that could occur within their areas of responsibility and be alert for any indications of such conduct.

The Town Administrator has primary responsibility for investigating all activity defined in this

policy and will, to the extent practical, notify the Board of Selectmen of reported allegations of fraudulent or irregular conduct upon commencing the investigation. In all circumstances where there are reasonable grounds to indicate a fraud may have occurred, the Town Administrator, subject to the advice of Town Counsel, will contact the District Attorney's office and/or the Hubbardston Police Department. Upon concluding the investigation, the Town Administrator will report results to the Board of Selectmen and others as determined necessary.

C. Disclosure

If the Town's investigation concludes that there was a violation of any federal criminal law involving fraud, bribery or gratuity potentially affecting a federal award, the Town Administrator will disclose such in writing to the federal awarding agency in compliance with the Office of Management and Budget's Omni Circular. Similarly, if there are findings of bond offering information falsification, the Town Administrator will disclose in writing to the bondholders.

PROCEDURES

The Town Administrator will create a set of procedures to cover all of the following at minimum:

1. Procedure and methods for reporting suspicions of fraud, abuse and other irregularities
2. Assignment of responsibilities in response to reported suspicions
3. Employee protections from retaliation
4. Security of investigation documents
5. Treatment of anonymous allegations and false allegations (intentional and unintentional)
6. Personnel disciplinary actions
7. Responsibilities around media contact
8. Training, education and awareness
9. Disclosure requirements and protocols

Upon completing these procedures, they should be referenced or appended to this policy.

1.) REPORTING

Employees should report suspected instances of fraud or irregularity to their immediate supervisor or their next appropriate management level. However, in certain circumstances, it may be appropriate for employees to report suspected instances of fraud or irregularity directly to the Town Administrator (If the alleged fraud has been committed by the Employee's supervisor.)

It is the responsibility of a supervisor or relevant manager to ensure that the suspicion of fraud and/or irregularity that is reported to them is reported as soon as practical to the Town Administrator. The written or verbal report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. In the event that the Town Administrator is the subject

of, or otherwise identified as involved in the acts underlying such report, the person making the report may notify and forward such report to the Town Administrator who will then lead the investigation and the Town Administrator shall immediately report such allegations to the Chairman of the Board of Selectmen. (To whom does this go to?)

Town employees are not to initiate investigations on their own. However, anyone may report suspected violations or concerns by letter to the Town Administrator and should indicate that he or she is an employee of the Town. The report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. Mark the envelope "Confidential and Private". It is the policy of the Town that anyone who reports a violation may make such report confidentially and offsite.

There shall be no retaliation by the Town's employees against any employee who makes a report pursuant to this policy even if after investigation the Town Administrator determines that there has not been a violation of any applicable Town policy, State or Federal laws and regulations or internal accounting controls. However, employees who make reports or provide evidence which they know to be false or, without a reasonable belief in the truth and accuracy of such information, may be subject to disciplinary action.

2.) ANONYMOUS ALLEGATIONS

The Town encourages individuals to put their names to allegations. Concerns expressed anonymously are difficult to investigate; nevertheless they will be followed up at the discretion of management. This discretion will be applied by taking into account the following:

- Seriousness of the issue raised;
- Credibility of the concern; and
- Likelihood of confirming the allegation.

3.) FALSE ALLEGATIONS

Employees or other parties must understand the implications (resources and costs) of undertaking investigations and should therefore guard against making allegations, which are false and made with malicious intent. Evidence of malicious intent will result in disciplinary action, and may include termination.

4.) TRAINING, EDUCATION AND AWARENESS

In order for the Policy to be sustainable, it must be supported by a structured education, communication and awareness program.

It is the responsibility of management to ensure that all employees and other parties, are made aware of, and receive appropriate training and education with regard to this Policy, and the related policies and procedures of the Town.

5.) INVESTIGATION

It is the Town Administrator's intent to fully investigate any suspected acts of fraud, abuse, or similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service, or relationship with the Town of any party involved in such an investigation. In conducting investigations, the Town Administrator will consult with and receive guidance from the Town Attorney, the Hubbardston Police Department and others they identify.

6.) MEDIA ISSUES

Any staff person contacted by the media with respect to an audit investigation is encouraged to refer the media to the appropriate public communications official of the Town. The alleged fraud or audit investigation should not be discussed with the media by any person other than those trained to do so. The Town Administrator will consult with the management of the department involved and assist them in responding to any media requests for information or interview.

7.) REPORTING TO EXTERNAL AUDITORS

The Town Administrator will report to the external auditors of the Town all information relating to fraud investigations, in accordance with Statement on Auditing Standard 99 - Consideration of Fraud in a Financial Statement Audit, as issued by the Financial Accounting Standards Board.

8.) WHISTLEBLOWER PROTECTION

In addition to whistleblower protections provided by federal and state laws, this policy provides that retaliation against employees is prohibited.

A. Except as provided in subsection B of this section, no appointing authority or supervisor shall initiate or administer any disciplinary action, deny a promotional opportunity, write an adverse job performance evaluation or in any way adversely affect an employee on account of the employee's disclosure of information. This section shall not apply to:

1. An employee who discloses information that the employee knows to be false or who discloses information with disregard for the truth or falsity of the information.
2. An employee who discloses information from public records that are closed to public inspection pursuant to the Massachusetts Public Records Law.
3. An employee who discloses information that is confidential under any other provision of law.

B. It shall be the obligation of an employee who discloses information under this part to make a good faith effort to provide to their supervisor or appointing authority or the Town Administrator, the information to be disclosed prior to its public disclosure.

9.) SECURITY AND CONFIDENTIALITY

All work products of the Town Administrator's investigations, including but not limited to working papers, notes, interviews, and other information relating to investigations will not be shared, discussed, or given to anyone without an absolute need to know or pursuant to Court Order. The

Town Administrator will provide a secure environment for the storage of all work-in-process regarding investigations, subject to law.

REFERENCES

[M.G.L. c. 149 §185](#)

U.S. Office of Management and Budget's [Omni Circular](#) issued December 2013

EFFECTIVE DATE

This policy was adopted November, 2018.