

Anti-Fraud, Anti-Theft, and Anti-Corruption Policy

Effective April 11, 2011

Purpose

The City of Hastings is committed to reducing any opportunity for fraud, theft, or corruption. Systems and procedures for the prevention and detection of fraud and theft have been designed and implemented to ensure a culture and environment that promotes honesty and ethical behavior. As an important part of this commitment, this policy will serve to advise and guide employees, volunteers, and elected officials on the City's approach to these serious issues.

All individuals connected with the City are expected to be fair and honest, and to provide the City with any help, information, and support necessary to deal with fraud, theft, and corruption.

Definitions

For the purpose of this policy:

Fraud is defined as deception by persons internal or external to the City of Hastings, which is carried out to conceal the misappropriation of assets or other action for personal gain to the detriment of the City.

Theft is defined as the dishonest taking of property belonging to another with the intention of depriving the owner permanently of its possession.

Corruption is defined as the offering, giving, soliciting, or acceptance of an inducement or reward, which may inappropriately influence the action of any person.

Statements of Policy and Procedure

1. Written Rules

The City has a number of written procedures and rules to ensure that financial, working, and organizational procedures are properly controlled. It is vital that suitable levels of checks and balances are included in these procedures. These procedures are an important part of the internal control process and these documents are reviewed regularly to address changes in the business and working environment. The most important are listed below, but these are not to be considered all-inclusive:

- a) Personnel Policies, specifically including:
 - i. Use of Technology Resources and the Internet
 - ii. Rules of Conduct and Guidelines of Conduct and Communication
 - iii. Specified Expectations
- b) ACH and EFT Policy

- c) Accounting Procedures
- d) Investment Policy
- e) Purchasing Policy
- f) Purchase Card Use Policy
- g) State of Michigan Accounting Procedure Manual

It is expected that all employees and volunteers will read and understand the rules and procedures that apply to them and act in line with them. Violation of rules may result in disciplinary action, up to and including termination.

2. Expected Behavior

The City of Hastings, its employees, volunteers, and Council members must at all times comply with all applicable laws and regulations. Staff is expected to lead by example in their professional and businesslike manner. Activities that achieve results based on unethical practices or through violation of the law will not be condoned. No activity will be permitted that fails to stand the closest possible public scrutiny.

Employees and Council members will perform their duties conscientiously, honestly, and in accord with the best interests of the City. Employees and elected officials may not use their position, or the knowledge gained as a result of their position, for private or personal advantage or to obtain financial gain.

City staff has an important part to play in dealing with fraud, theft, and corruption and is encouraged to inform their department head, the City Manager, or the Mayor, if they suspect a case of fraud, theft, or corruption.

All information received will be considered fairly and as confidentially as possible. The City Manager will deal firmly and quickly with anyone who is responsible for fraud, theft, or corruption. The investigative process may not be misused and any abuse, such as raising unfounded malicious allegations, will be dealt with as a disciplinary matter.

3. Preventing fraud, theft, and corruption.

The best approach is to prevent fraud, theft, and corruption from happening in the first place. It is essential that clear rules and procedures be established. Written rules and procedures will be regularly reviewed and updated to address changes in the business environment. Each Department must make sure that suitable levels of internal controls are included in working procedures, particularly as relate to the financial and other assets of the City. It is important that duties are organized so that no one person can carry out a complete transaction without some form of approval or crosschecking. As a function of corporate governance, business risks will be routinely documented. The City will also regularly review and assess internal financial controls and describe them in the accounting procedures.

The City is committed to working and cooperating with other organizations to prevent organized fraud, theft, and corruption. Wherever possible, the City will be prepared to help and exchange information with other organizations to deal with these issues.

4. Detecting fraud, theft, and corruption.

The City is committed to the highest possible standards of openness, fairness, and accountability in all its affairs. The City is determined to maintain a culture of honesty and an active opposition to fraud, theft, and corruption.

City employees may be the first to realize that something is seriously wrong. The City encourages employees to raise a concern rather than overlooking a problem. City policy is to encourage and enable employees, volunteers, and elected officials to report any suspected fraud, theft, and corruption.

City work procedures include steps for documentation, review, and management approval of staff work product and the City's operating and fiscal condition. These procedures are implemented and monitored to help detect any potential fraud, theft, and corruption.

Should an outside party suspect fraud, theft, or corruption they should contact the City Manager or the Mayor. Allegations will be dealt with in the same way as any allegation raised by an employee.

5. Investigating reports of fraud, theft, and corruption.

For issues raised, action taken will necessarily depend upon the nature of the concern. Matters may be:

- Investigated internally by staff; and/or
- Referred to the police.

Within ten (10) working days of a concern being received, the City Manager or designated representative will respond to the person raising the issue:

- Acknowledging that the concern has been received;
- Indicating how the matter will be dealt with;
- Giving an estimate of how long it will take to provide a final response;
- Indicating whether any initial inquiries have been made; and
- Describing what, if any, further investigations will take place, and if not, why not.

Investigations will be planned giving due consideration to the following:

- Resources required to investigate the allegation;
- Legal status of the allegation (i.e. theft or breach of procedure);
- Internal disciplinary procedures;
- Level of evidence required;
- Protection of data and documents required;
- Minimizing undue negative effects on staff and third parties;
- Recovery of any lost funds and minimizing the potential for further loss;
- Review of any improvement required to prevent re-occurrence.

In order to encourage individuals to report alleged fraud, theft, or corruption, to make such reports by assuring them that the matter has been properly addressed, reporters will receive

information, whenever appropriate, about the outcome of an investigation, subject to legal constraints.

6. Training

The key to successful anti-fraud, anti-theft, and anti-corruption policy is training and awareness. It is required that employees, and volunteers in a position of trust, read, understand, and comply with the policies and procedures that apply to them. Disregard for these policies and procedures may lead to formal disciplinary action, up to and including termination.

Training will be provided for employees who are involved in and/or manage internal control systems to assure that their responsibilities are regularly reviewed and reinforced.