

OTSEGO COUNTY FRAUD POLICY

BACKGROUND

The Otsego County Fraud Policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against Otsego County. It is the intent of Otsego County to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

SCOPE OF POLICY

The policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies, doing business with employees of such agencies, and/or any other parties with a business relationship with Otsego County.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Otsego County.

POLICY

Otsego County is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the Otsego County Management Team (which includes all department heads, managers, and elected officials of Otsego County) will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the County Administrator, who coordinates all investigations, both internal and external.

ACTIONS CONSTITUTING FRAUD

The terms defalcations, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to Otsego County
- 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 Otsego County activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by Otsego County
- An Otsego County employee accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Otsego County (exception: gifts less than \$100 in value) for personal gain.

- Contractors, vendors, or persons may from time to time donate goods, services, or money to Otsego County programs or services. No preferential treatment of any kind shall be extended by Otsego County to contractors, vendors, or persons who choose to donate goods, services, or money to Otsego County.
- Otsego County will cease to do business with any individual or vendor who attempts to exert undue influence on an Otsego County employee or public official for the purpose of circumventing or breaking any Otsego County policies or state or federal laws.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment, and/or
- Any similar or related inappropriate conduct

OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and Otsego County Administration.

If there is any question as to whether an action constitutes fraud, contact the Otsego County Administrator for guidance.

INVESTIGATION RESPONSIBILITIES

The Otsego County Administrator has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Otsego County Administrator will issue reports to appropriate personnel and if appropriate to the Board of Commissioners. In the event that the suspected fraudulent act was committed by an employee of an elected official, the investigative responsibility will be shared between the County Administrator and the elected official as co-employers.

Decisions to prosecute or refer the examination to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, the Otsego County Administrator, any affected elected official, and the Board of Commissioners if deemed appropriate, as will final decisions on the disposition of the case.

CONFIDENTIALITY

The department head/manager/elected official and the Otsego County Administrator will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will report the behavior immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Otsego County Administrator. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

REPORTING PROCEDURES

The reporting individual should be informed of the following:

- The reporting individual has the option of first reporting the behavior/incident to the department head/manager/elected official. The behavior/incident **must** then be reported to the Otsego County Administrator within 24 hours of becoming aware of the suspected fraud (the matter cannot be dismissed by the department head/manager/elected official).
- In the event that the suspected fraud involves another local unit of government, the County Administrator will report the suspected fraud to the State Department of Treasury.
- If it is not deemed appropriate to discuss the matter with the department head/manager/elected official first, the Otsego County Administrator must be contacted directly.
- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Otsego County Administrator.

TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by Otsego County Administration and, if necessary, by outside counsel, before any such action is taken. The decision to terminate an employee is made by either the department head/manager/elected official or by the Otsego County Administrator.

ADMINISTRATION

The Otsego County Administrator and the Otsego County Board of Commissioners are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

If the Otsego County Administrator is the person suspected of the inappropriate behavior, the Chairman of the Board of Commissioners shall assume the responsibilities of the Otsego County Administrator in relation to this policy as stated above, during all phases of the process.

APPROVED

August 23, 2011