

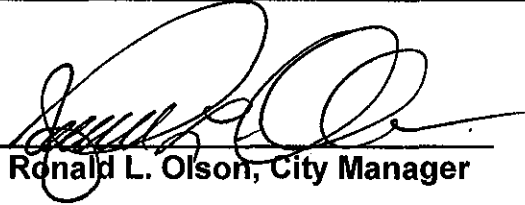


# City Policies

**SUBJECT: FRAUD AWARENESS AND PREVENTION**

**NO. HR 39.0**

**APPROVED:**

  
Ronald L. Olson, City Manager

**EFFECTIVE: 05/10/12**

**DATE: May 21, 2012**

## **I. PURPOSE**

The City of Corpus Christi is committed to protecting its revenue, property, information, and other assets from any attempt to gain, by deceit, financial or other benefits at the expense of City taxpayers.

The purpose of this policy is to identify fraud and/or misuse of the City's revenue, property, information, or other assets, and to set forth specific guidelines and responsibilities regarding appropriate actions to prevent and/or respond to such incidents.

## **II. SCOPE**

This policy applies to all employees of the City.

## **III. DEFINITIONS**

As used in this policy, the terms listed below shall have the following definition:

Abuse is intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources.

Embezzlement is the act of dishonestly appropriating or secreting assets by one or more individuals to whom such assets have been entrusted.

Employee(s) refers to all City of Corpus Christi employees.

Forgery is the creation of a false written document or alteration of a genuine one with the intent to defraud.

Fraud is the intentional misrepresentation or omission of facts for personal gain.

Impropriety is the failure to observe City policies and standards or failure to show due diligence in handling city funds.

Misappropriation is the intentional, illegal use of the property or funds of another person for one's own use or other unauthorized purpose.

Waste is the loss or misuse of City resources that result from deficient practices, system controls, or decisions.

#### **IV. PROHIBITED ACTS**

Fraud and misuse of City revenue, property, information, or other assets is prohibited. Examples of fraud and other similar irregularities include, but are not limited to:

- A. Dishonesty or misrepresentation of facts;
- B. Embezzlement, misappropriation, or other financial misconduct;
- C. Forgery or alteration of checks, drafts, promissory notes, securities, purchase orders, contracts, or personnel and beneficiary documents;
- D. Any irregularity in the handling or reporting of money transactions or credit cards;
- E. Misappropriation of computers, furniture, fixtures, and equipment;
- F. Seeking or accepting anything of material value from vendors, consultants, or contractors doing business with the City in violation of the City's Purchasing Policy;
- G. Unauthorized use or misuse of City property, equipment, time, fuel, materials, procurement cards, or records;
- H. Use or disclosure of confidential, privileged, or other protected information, not reasonably available to all persons or outside parties for private gain;
- I. Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of City-owned software;
- J. Any claim for reimbursement of expenses that are not made for the exclusive benefit of the City;
- K. Authorizing or receiving compensation for hours not worked;
- L. Swiping identification badge in/out for another employee; and
- M. Any similar or related irregularity.

## **V. RESPONSIBILITIES**

City management is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility, be alert for any indications of such conduct, and follow the prescribed reporting procedures in the event of a suspected or known violation of this policy.

The City Auditor has the primary responsibility to investigate any suspected acts of fraud or other similar irregularity as defined in this policy. The City Auditor will notify the City Manager and City Attorney of material reported allegations of fraudulent or irregular conduct prior to the commencement of the investigation. Throughout the investigation these officials shall be informed of pertinent investigative findings.

In all circumstances, where there are reasonable grounds to indicate fraud may have occurred, the City Auditor shall advise the City Attorney. The City Attorney shall coordinate the investigation with the appropriate law enforcement officials.

## **VI. COMPLAINT PROCEDURES**

- A. Employees of the City of Corpus Christi shall read and understand this policy. Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect fraud has occurred, shall immediately notify his/her supervisor or the City Auditor at 361-826-3661, report the incident through the fraud hotline, 361-826-8477, or via email at [fraudhotline@cctexas.com](mailto:fraudhotline@cctexas.com).
- B. Supervisors/City Management shall communicate any suspected or known fraudulent acts to the City Auditor. Supervisors shall not attempt to investigate or to discuss the matter with anyone other than the necessary management personnel, City Manager, City Attorney, or City Auditor's Office.
- C. Upon receiving a fraud allegation, the City Auditor or designee shall document the allegation and conduct a preliminary investigation to determine the credibility of the reported allegation. In circumstances where there appears to be reasonable grounds for suspecting that a material fraud has taken place, the City Auditor shall notify the City Manager and the City Attorney.
- D. Upon conclusion of the investigation, material results will be reported to the Audit Committee.
- E. The City Attorney and City Manager will determine the appropriate actions to be taken, including court-ordered restitution, and efforts to recover the City losses from the offender, or other relevant source(s).

## **VII. REPORTING**

The City Auditor will report significant investigation findings to the City Manager and City Attorney in written or verbal format. The City Auditor will determine which investigation findings will be reported to the Audit Committee in an Investigation Report that has been reviewed by the City Attorney. The City Auditor will report to the City's External Auditors all significant information relating to Investigations.

## **VIII. MEDIA REQUESTS**

Employees contacted by the media with respect to an audit investigation shall refer the media to the City Manager or City Attorney. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager or designee, in consultation with the City Attorney.

If the City Auditor's Office is contacted by the media regarding an alleged fraud or audit investigation, the City Auditor or designee will consult with the City Manager and City Attorney, as appropriate, before responding to a media request for information or interview.

The City Manager will determine media messages and identify an appropriate City spokesperson, as required

## **IX. PREVENTION**

Each department will maintain internal controls to protect the department and the City from loss or other damages as a result of a fraudulent act.

## **X. WHISTLEBLOWER PROTECTION**

No City employee or person acting on behalf of the City shall dismiss or threaten to dismiss an employee; discipline or suspend or threaten to discipline or suspend an employee; impose any penalty upon any employee; or intimidate or coerce an employee because the employee has acted in accordance with the requirements of this policy. Any violation of this section shall result in disciplinary action up to and including termination of employment.

The whistle-blower protection does not apply to an employee reporting or complaining about a fraudulent activity that he/she is found to be involved in or part of.

## **XI. FALSE ALLEGATIONS**

False allegations of suspected fraud with the intent to disrupt or cause harm to another shall be subject to disciplinary action.

## **XII. CONFIDENTIALITY**

All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.

### **XIII. CONSEQUENCES FOR VIOLATION OF THIS POLICY**

If a suspicion of fraud or misuse of City revenue, property, information, and other assets is substantiated by the investigation, appropriate action shall be taken by the employee's department Director, Assistant City Manager or City Manager, based upon the immediate reporting relationship. These actions may include, but are not limited to:

- A. Disciplinary action up to and including termination of employment;
- B. Requiring reimbursement to the City, by the employee, for all losses, including investigation and legal expenses, to the fullest extent of the law;
- C. Forwarding information to the appropriate authorities for criminal prosecution;
- D. Institution of civil action to recover losses.

The City of Corpus Christi may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct or misuse of City revenue, property, information, and other assets.

### **XIV. QUESTIONS REGARDING THIS POLICY**

Questions regarding this Policy shall be directed to the City Auditor, or designee, who may be contacted at (361) 826-3661, or the Director of Human Resources, or designee, at (361) 826-3878.

**HR 39.0 FRAUD AWARENESS AND PREVENTION**

**ACKNOWLEDGMENT FORM**

I have received a copy of the City of Corpus Christi's policy HR 39.0 Fraud Awareness and Prevention, effective May 10, 2012, and I understand that compliance with this policy is a condition of employment with the City of Corpus Christi.

I have listened to a review of this policy and/or read this policy and understand its content. I have been given an opportunity to ask questions about this policy and receive explanations in English and Spanish.

I agree to comply with this policy. I understand that failure to do so will result in my being in violation of this policy and will subject me to disciplinary action up to and including termination.

\_\_\_\_\_  
Employee's Name (Printed)

\_\_\_\_\_  
ID #

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Department Name

RETURN ORIGINAL TO: Human Resources Department, Employee Personnel File