	CITY OF HENDERSONVILLE		
Policy Name:	Fraud and Whistleblower Policy	Date Adopted by Council :	April 6 2017

I. Purpose and Scope

The City of Hendersonville recognizes the importance of protecting the City, its taxpayers, its employees, and its assets against financial risks, operational breaches and unethical activities. This policy establishes guidelines to enforce controls to aid in the prevention and detection of fraud and for responding to allegations of embezzlement, theft, misappropriations of public funds or property, and other types of fraud related to the business of the City of Hendersonville.

It is the intent of the City Council to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and the conduct of investigations. Our goal is to establish and maintain an environment of fairness, ethics, and honesty for our employees, our citizens, our suppliers, and any other person(s) or organizations(s) engaging in business on behalf of the City. To maintain such an environment requires the active assistance of every employee every day.

II. Policy


For purposes of this policy, fraud includes any willful or deliberate act committed with the intention of obtaining an unauthorized benefit, such as money or property, by misrepresentation, deception, or other unethical means.

The City is committed to upholding the public trust. All employees are expected to support this policy by avoiding behaviors and actions that could be perceived as fraud. Further, employees are expected to support efforts meant to prevent and detect such activities. Proper internal controls are designed to prevent fraud and require that transactions are properly authorized, recorded, and reported, and that all assets are safeguarded. Accordingly, internal controls that are appropriate and adequate, given the size and nature of operations at the City will be maintained.

Department heads and supervisors have an even greater responsibility to uphold the City’s policy. They are responsible for initiating preventative measures when appropriate as well as being familiar with the types of improprieties that might occur within their areas of responsibility and being alert for any indication of fraud.

Management will assess the vulnerability of the City to fraudulent activity, including financial statement fraud, misappropriation of assets and corruption. The City will conduct fraud risk meetings on a regular basis (at least once a year, and more often as conditions warrant) to include management, employees and Council members as deemed necessary.

In observance of this policy, as in other acceptable business conduct, there is no substitute for sound professional judgement. Each employee should apply this policy with common sense and seek full

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compliance by reporting any irregularity that is detected or suspected that could be perceived as fraud.

The policy of the City is zero tolerance to fraud. All fraud will be investigated and followed up by the application of all remedies available within the full extent of the law.

III. Actions Constituting Fraud


For purposes of this policy, the following acts will be referred to as “Fraud”, but are not limited to:

1. Any dishonest or fraudulent act
2. Misappropriation of funds, securities, supplies, or other assets
3. Claim for reimbursement of expenses that are not job-related or authorized under current policies
4. Impropriety in the handling or reporting of money or financial transactions
5. Forgery or intentional and inappropriate alteration of a check, bank draft, or any other financial document
6. Profiteering as a result of insider knowledge of City operations
7. Disclosing confidential information to other parties
8. Accepting or seeking anything of material value from vendors, contractors, or other parties in exchange for or to induce favorable consideration concerning services, materials, supplies, equipment, or other work provided to the City
9. Destruction, disappearance, or inappropriate use of records, furniture, fixtures, or equipment
10. Any act of embezzlement, theft, misappropriation or fiscal irregularities

IV. Confidentiality

An employee or citizen who suspects fraud should immediately follow the procedures referred to in this policy, and should not attempt to conduct investigations or interviews/interrogations related to the suspected fraud personally. (Refer to Reporting Procedures section below).

In order to protect the reputations of innocent parties, to avoid potential civil liability, and to protect the possibility of recovery, activities associated with ongoing investigations will be discussed with parties affiliated with the City who have a need to know and with representatives of law enforcement and/or regulatory agencies.


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V. Reporting Procedures for Employees and the General Public

Employees must exercise professional and mature judgement in reporting suspected fraud as to avoid wrongful accusations or compromising a potential investigation.

1. Employees shall read and understand this policy. Additionally, suspected or known fraudulent acts by employees shall be immediately reported to the City Manager directly. If necessary, the Police Department or other law enforcement and/or regulatory agencies will be notified of each reported incident and will keep the City Manager abreast of the investigation. The City Manager is responsible for carrying out the full investigation and documentation of suspected fraud for each incident.
2. In certain justified circumstances, an employee may direct suspected or known fraudulent acts to the City Manager by an anonymous letter to the City Manager.
3. Supervisors and department heads shall a) communicate the provisions of this policy to all staff; b) take no action without consulting the City Manager; c) recommend appropriate disciplinary action when there is evidence of wrong-doing; and d) if suspension or termination is recommended, consult with the Human Resources Director.
4. All participants in the fraud investigation shall keep the details and results of the investigation confidential. The reporting individual should be informed of the following: a) Do not contact the suspected individual in an effort to determine facts or demand restitution and b) Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Police Department or Legal Department.
5. Any employees reporting an act of fraud; or assisting, testifying or participating in a fraud investigation, acting in accordance with the requirement of this policy, shall not be subject to any adverse employment action unless it is determined the employee is culpable for such action and/or made an allegation knowing it was false.
6. We encourage citizens, suppliers, and any other person(s) or organizations(s) engaging in business on behalf of the City to also come forward with any suspicion of fraudulent acts. Written notifications can be addressed to the City Manager and delivered in person or by mail to the following address:

City of Hendersonville
Attn: City Manager - Confidential
160 6th Avenue East
Hendersonville, NC 28792

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VI. Acting in Good Faith

Anyone reporting any irregularity that is detected or suspected must be acting in good faith and have reasonable grounds for believing the information provided. Allegations made maliciously or with knowledge of their falsity will not be tolerated. False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.


VII. Whistleblower Protection

City of Hendersonville Council, management or employees may not retaliate against a whistleblower for reporting an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms and conditions of employment (including, but not limited to, threats of physical harm, dismissal, transfer to an undesirable job assignment, demotion, suspension, or impact on salary or wages). A whistleblower is defined as an employee who informs a supervisor, or department head about an activity which that person believes to be fraudulent or dishonest.

Whistleblowers who believe they have been retaliated against may file a written complaint to the City Attorney. Any complaint of retaliation will be promptly investigated by the City Attorney and reported to City Council. City Council will determine if appropriate remedial measures should be taken if allegations of retaliations are proven. This protection against retaliation is not intended to prohibit management from taking action, including disciplinary action, in the usual scope of their duties and on the basis of valid performance-related factors.

VIII. Post Investigation Results and Action

If an investigation results in a recommendation to pursue internal discipline, civil and/or criminal fraud proceedings, the recommendation must be reviewed and approved by the Human Resources Director and the City Attorney. The City Attorney will determine whether the recommendation and results of the investigation warrant civil and/or criminal actions and will initiate disclosure to the proper law enforcement or other entities.

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Employee Acknowledgment

Department heads will be expected to discuss this policy with all current and new City employees. All permanent, temporary and contract employees, full and or part-time will be required to read, understand, abide by and follow the City of Hendersonville Fraud and Whistle Blower Policy.

A copy of this signed form will be submitted to Human Resources and placed in each employee's file. This policy adopted by the City Council at a regular meeting held the sixth day of April 2017.

This policy is approved by City Council on April 6, 2017.


Barbara G. Volk

Barbara G. Volk, Mayor

Attest:

Tammie K. Drake

Tammie K. Drake, MMC, City Clerk

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**FRAUD AND WHISTLEBLOWER
EMPLOYEE ACKNOWLEDGEMENT FORM**

I, _____, hereby acknowledge that I have received the Fraud and Whistleblower Policy of the City of Hendersonville and understand that it is my responsibility to read, understand and comply with the policy.

I further acknowledge the following:

I have been notified that fraud includes but is not limited to, any willful or deliberate act committed with the intention of obtaining an unauthorized benefit, such as money or property, by misrepresentation, deception, or other unethical means; and violations of this policy will subject me to dismissal from employment and even criminal prosecution.

That I will abide by the City of Hendersonville’s Fraud and Whistleblower’s Policy.

I understand that City management and or employees may not retaliate against anyone for reporting activity thought to be fraudulent or dishonest. I understand that my employment will not be adversely affected if I report a suspected fraudulent or dishonest activity and that I may confidentially report any such activity.

I understand that the City of Hendersonville’s Fraud and Whistleblower’s Policy and the above acknowledgements in no way create an obligation or contract of employment and that I, as well as the City of Hendersonville, have the right to end the employment relationship at any time.

Employee signature

Employee Name _____
(Please print)

Date _____