I. Purpose, Overview and Scope of this Policy

The City of St. Helena recognizes the importance of protecting the organization, its operations, its employees and its assets against financial risks, operational breaches and unethical activities. Therefore, it is incumbent upon the City Council and City Management to institute and clearly communicate the fraud prevention policy to both internal and external stakeholders.

The City maintains a zero-tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated. This policy covers all City employees and officials. Additionally, this policy covers City vendors, customers and partners to the extent that any City resources are committed or used.

II. Authority

The City Council has authority to update this policy.

III. Policy

A. Definitions

i. Fraud is defined as an intentional deception, misappropriation of resources, or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include:

- Falsification or inflation of expenses and invoices
- Misappropriation of the City's assets (funds, supplies, furniture, equipment, etc.)
- Unauthorized alteration or falsification of records
- Improprieties in handling and accounting of monies collected, cash or otherwise
- Knowingly providing false information on job applications, time sheets, requests for reimbursement or funding, and other forms
- Profiteering as a result of insider knowledge of confidential activities
- Computer-related activity involving unauthorized alteration, destruction, forgery, manipulation of data, or misappropriation of City-owned software
ii. **Corruption** is defined as the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include:

- Bribery
- Conspiracy
- Extortion

B. **Reporting Fraud and Corruption**

Allegations and concerns about fraudulent or corrupt activity may come from various sources including:

- Employees
- Vendors
- Members of the public
- Results of internal or external audit reviews
- Any other interested parties

All employees have a duty to report any information or suspicions about the possible fraudulent or corrupt activity of any official, employee, vendor or any other party associated with the City. Such duty includes reporting detected or suspected activity immediately to the employee’s Department Head or supervisor.

If reporting this to the employee’s Department Head or supervisor compromises the integrity of the information in any way, the employee should contact the City Manager and arrange for a meeting. Similarly, if the information cannot be discussed with the City Manager, the employee should contact the Mayor, Vice-Mayor or other City Council Member and arrange for a meeting to discuss the matter.

Alternatively, anonymous written complaint can be provided to the City Manager or, if the circumstances warrant, to the Mayor, Vice-Mayor or other Council Member. It is strongly recommended that complaints be made no later than 10 working days of having knowledge or suspicion. It is also strongly recommended that a written and signed statement of the complaint be submitted to the City Manager within eight working days of the initial anonymous complaint report. Anonymity in the complaint procedure may compromise the City's ability to complete a thorough investigation. Complaints must include the following information:

- The employee’s name and position title (unless made anonymously).
• The name of the alleged person or persons committing the fraud, including their title(s).
• The specific nature of the fraud and, if known, how long it has gone on.
• Witnesses to the fraud, if any.

No attempt should be made by anyone other than those authorized to conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Retaliation and retribution will not be tolerated against any employee who reports suspected fraudulent or corrupt activities. All reports will be taken seriously and will be investigated by appropriate staff or legal counsel. If deemed necessary, the City will notify and fully cooperate with the appropriate law enforcement agency. Any investigation resulting in the finding of fraud or corruption will be reported to the City Council.

If an employee is determined to have acted maliciously or with deceit in making a false accusation, the employee will be subject to disciplinary action.

If suspected fraud involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to the organization. It is the policy of the City of St. Helena to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud.

C. Deterring Fraud and Corruption

The City has established internal controls, policies and procedures in an effort to deter, prevent, and detect fraud and corruption.

All new employees are subject to background investigations including a criminal background check. Prior to making an offer of employment to any applicant, the City will also verify some or all of the following items: employment history, education, and personal references.

All vendors, contractors, and suppliers must be in good standing, and authorized to transact business in the state of California. Vendors, contractors and suppliers are also subject to screening.

Contractual agreements with the City shall contain provisions prohibiting fraudulent or corruptive acts and shall include information about reporting fraud and corruption.
City of St. Helena
Council Policy
Finance

City employees will receive fraud and corruption awareness training before the policy implementation and at least every 2 years. New employees will receive training as part of orientation at the commencement of employment.

D. Corrective Action

Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the City Manager. If the fraud or corruption was found to include the involvement of the City Manager, the City Council will take appropriate action.

Offenders at all levels of the organization will be treated equally regardless of their position or years of service, position/title, or relationship with the City of St. Helena. Determinations will be made based on a finding of facts in each case, actual or potential damage to the organization, cooperation by the offender, and legal requirements.

Depending upon the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand to legal action, either civil or criminal. In all cases involving monetary losses, the City will pursue any and all means of legal recovery.

E. Confidentiality

The City of St. Helena will treat all information received confidentially to the extent permitted by law. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected by subsequently found innocent of wrongful conduct and to protect the City of St. Helena from potential civil liability.

IV. Attachments

Agreement for Fraud Prevention and Detection Policy as a City of St. Helena Employee

By signing this agreement, I certify that I understand the terms and conditions of this agreement and the City’s policy, and I accept responsibility for adhering to the agreement. I also understand that violations of the policy may result in disciplinary action as provided for in the City’s Employee Handbook, including termination.

Employee Full Name: __________________________________________

Employee Signature: __________________________________________

Date: __________________________