

## Town of Norwich, Vermont



CHARTERED 1761

### FRAUD PREVENTION POLICY Norwich, Vermont

**PURPOSE.** This policy provides a mechanism and encouragement for employees and officers to bring to the attention of the Town any complaint regarding the integrity of the Town's internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's financial statements and reports. Town employees and officers shall not be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner for raising reasonable questions concerning the fair presentation of town financial statements in accordance with this policy.

**REPORTS OF IRREGULARITY.** Any employee or officer having a complaint regarding the integrity of the Town's internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's financial statements and reports, or who observes any questionable accounting practices, should report in writing (though verbal reporting is acceptable) such complaint to the Town Manager (unless the irregularity is focused on the Town Manager, in which case, the Selectboard should be notified).<sup>1</sup>

The report should include a description of the matter or irregularity, the period of time during which the employee or officer observed the matter or irregularity, and any steps that the employee or officer has taken to investigate the matter or irregularity, including reporting it to a supervisor and the supervisor's reaction. The report may include, at the employee or officer's option, the employee or officer's contact information if additional information is needed. However a report shall not be deemed deficient because the employee or officer did not include contact information.

Unlike errors or mistakes, "fraud" is the result of a deliberate act, an intentional deception to misappropriate assets or to manipulate data for personal gain. The Town does not tolerate any acts of fraud, regardless of the dollar amount involved. Examples of reportable actions include any indication of fraud, misappropriation of Town resources, substantial variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of Town financial records.

**INVESTIGATION.** Upon receiving such a report, in as confidential a manner as possible to protect the complainant, the Town Manager (or the Selectboard) shall investigate the issues identified in the report. The Town Manager (or the Selectboard) may consult with the Finance Director, Treasurer, any other Town employee, legal counsel, and independent auditors as a part of the investigation. At the

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<sup>1</sup> It needs to be noted that the maximum limits of this policy equate for an officer, the possible inability to run for office and, for an employee, possible termination of employment. However, it may be the obligation of the Town Manager (or the Selectboard) to report any irregularity to the Police Department in the event the irregularity could be considered criminal. Any such determination would be investigated and adjudicated as warranted via the criminal justice system, not by this policy.

conclusion of the investigation, the Town Manager (or the Selectboard) shall prepare a written response to the report, which shall be a public document.

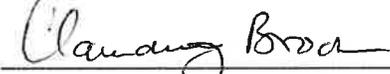
**For officers:** In accordance with 24 VSA §1686(c), any Town officer who willfully refuses or neglects to submit his or her books, accounts, vouchers, or tax bills to the Town Manager (or the Selectboard) upon request, or to furnish all necessary information in relation thereto, shall be ineligible for re-election for the year ensuing and be subject to the penalties otherwise prescribed by law.

**For employees:** In accordance with the Town's Personnel Policies (Disciplinary Action) and the Town's collectively bargained agreement (Section 6.02) and its successor agreements, any employee found by the public accountant employed by the Selectboard to have engaged in fraud, misappropriation of Town resources, substantial variation in the Town's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, inappropriate destruction of Town financial records, or other form of wrongful financial act may be subject to discipline, including termination of employment.

The foregoing policy is hereby adopted by the Selectboard of the Town of Norwich, Vermont, this 1st day of November, 2018 and is effective as of this date until amended or repealed.

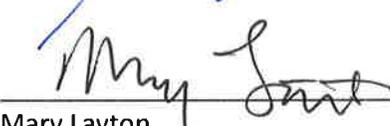
BY:

  
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John Pepper, Chair

  
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Claudette Brochu, Vice-Chair

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Linda Cook

  
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John Langhus

  
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Mary Layton

AGREED & AFFIRMED:

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Cheryl Lindberg, Treasurer