

# **TITLE III:**

# **ADMINISTRATION**

## **Chapter 37**

### **Anti-Fraud Policy**

## **CHAPTER 37: ANTI-FRAUD POLICY**

### **Section**

#### **37.01 Anti-Fraud Policy Ordinance**

### **§ 37.01 ANTI-FRAUD POLICY ORDINANCE**

#### **(A) Introduction and Intent.**

- (1) Pike County, Georgia is establishing this anti-fraud policy to enforce controls and to aid in the prevention and detection of fraud, theft, waste, or abuse against the County. This policy applies to any fraud, theft, waste, or abuse or suspected fraud, theft, waste or abuse involving an employee (including management), a consultant, vendor, contractor outside agency, or person doing business with the County or any other relationship with the County. Pike County, Georgia does not tolerate any type of fraud, theft, waste or abuse. The County's policy is to promote consistent, legal, and ethical organizational behavior by:
  - (a) Designating an ethics officer (County Manager);
  - (b) Assigning responsibility for reporting fraud, theft, waste or abuse;
  - (c) Providing guidelines to conduct investigations of suspected fraudulent behavior;
  - (d) Requiring each employee to attend annual fraud awareness training.
- (2) Failure to comply with this policy subjects an employee (including management) to disciplinary action, including but not limited to immediate termination. Any consultant, vendor, contractor outside agency, or person doing business with the County or any other relationship with the County, including collusive relations between County employees and consultant vendor, contractor outside agency, or person doing business in any way with the County that fails to comply with this Anti-Fraud Policy could result in cancellation of the business or other relationship between the entity and the County.
- (3) Pike County, Georgia reserves the right to refer any matter for prosecution if the results of an administrative investigation indicate the possibility of criminal activity.
- (4) For purposes of this policy, only the term fraud or fraudulent includes theft, waste, and abuse as defined below. The Term employee includes all employees of the County and management positions of the County. The term management includes directors, managers, assistant managers, department heads, supervisors and any other employee who has authority to sign another employee's performance evaluation.

#### **(B ) Definitions and examples of fraud, waste and abuse.**

- (1) **FRAUD.** An intentional deception designed to obtain a benefit or advantage or to cause some benefit that is due to be denied. Examples of fraud include:
  - (a) Forgery or alteration of a check, bank draft, or any other financial document;
  - (b) Theft of a check or other diversion of a taxpayers payment;
  - (c) Making payroll checks out to "phantom" employees;
  - (d) Falsifying time sheets or payroll records, including but not limited to reporting hours not worked or a supervisor not allowing the reporting of all hours worked by hourly paid employees;
  - (e) Listing of beneficiaries individuals who do not qualify (or no longer qualify) as family members for Healthcare benefits;
  - (f) Falsifying travel and entertainment expenses and/or utilizing County funds to pay for personal expenditures;

- (g) Writing off of delinquent receivables that have been collected;
- (h) Misappropriation of funds, securities, supplies, or other assets;
- (i) Impropriety in the handling of reporting of money or financial transactions;
- (j) Profiteering as a result of insider knowledge of County operations;
- (k) An employee with access to confidential taxpayer information who sells this information or uses it in the conduct of an outside business activity;
- (l) Disclosing to others the securities activities engaged in or contemplated by the County.

This list defining “fraud” is not intended to be construed as all inclusive.

- (2) WASTE. The loss or misuse of County resources that results from deficient practices, system controls, or decisions. An example of waste is not taking advantage of available early bird conference registration discounts. This definition of “Waste” is not intended to be construed as all inclusive.
  - (3) ABUSE. The intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources, such as tools, vehicles, computers, copy machines, etc. Examples of abuse include:
    - (a) Using County equipment or supplies to conduct personal business;
    - (b) An employee using non-confidential taxpayer information to get new customers for his/her outside business.
- This definition of “Abuse” is not intended to be construed as all inclusive.
- (4) THEFT. The act of taking something from someone unlawfully. An example of theft is taking home a printer belonging to the County and keeping it for personal use. This definition of “Theft” is not intended to be construed as all inclusive.

(C) Responsibility to Report Suspected Fraud.

- (1) Each employee is required to report any suspected fraud, theft, waste or abuse or other dishonest conduct to the employee’s management or to the Ethics Officer (County Manager). Suspected improprieties and/or misconduct concerning an employee’s ethical conduct should be reported to management (Department Head or Supervisor) or the Ethics Officer (County Manager).

NOTE: There are many instances or prohibited actions that do not rise to the level of fraud, such as improper relationship with a vendor.

- (2) Management, as defined above, is required to report suspected fraud, theft, waste, or abuse or other dishonest conduct, including reports from employees or other individuals, to the Ethics Officer (County Manager).
- (3) Management does not have authority to determine the merits of a report of suspected fraud – the Ethics Officer (County Manager) makes this determination with the assistance of an Internal Audit.
- (4) The identity of an employee or complainant who reports suspected fraud will be protected to the full extent allowed by law. (See: Responsibility of Ethics Officer.)

(D) Guidelines for Handling a Report of Suspected Fraud, Theft, Waste or Abuse.

Whether the initial report is made to management or the Ethics Officer (County Manager), the reporting individual should receive the following instructions and information:

- (1) Do not contact the suspected individual in an effort to determine facts or demand restitution.
- (2) Allow the Ethics Officer (County Manager) to conduct the investigation. Do not further investigate the allegation.

- (3) Observe strict confidentiality. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Ethics Officer (County Manager), the Criminal Investigation Division or the General Counsel Division.
- (4) Retaliation will not be tolerated. The County will not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud.
- (5) Every effort will be made to protect the rights and the reputations of everyone involved, including the individual(s) who in good faith alleges perceived misconduct as well as the alleged violators. (See: Disciplinary Actions for the Consequences of making a report or fraud in bad faith set forth below.)
- (6) The identity of an employee or other individual who reports a suspected act of fraud will be protected as provided by this policy. (See: Responsibility to Report suspected Fraud set forth below.)

(E) Responsibility of Ethics Officer.

- (1) The Ethics Officer (County Manager) shall make every effort to protect the rights and the reputations of everyone involved in a report of suspected fraud, including the individual who in good faith alleges perceived misconduct, as well as the alleged violator(s). The Ethics Officer (County Manager) also shall make every effort to protect the identity of a person who in good faith reported the suspected fraud. However, disciplinary action may be taken as provided by this policy if a report is made in bad faith. (See: Disciplinary Action set forth herein.)
- (2) On receiving a report of suspected fraud, the Ethics Officer (County Manager) shall document the contact and conduct a preliminary investigation to determine the credibility of the report. If the report is credible, the Ethics Officer (County Manager) shall follow the investigation guidelines provided in this policy. (See Guidelines for the Investigation of Suspected Fraud set forth herein.)
- (3) In the event of a suspected fraud case reported involving the Ethics Officer (County Manager), the report and the authority to process the inquiry under the same guidelines as presented herein shall move to Pike County's legal counsel and Chairman of the Board of Commissioners. Further diligence of the reported case under this scenario will progress forward using the same criteria as provided within the Anti-Fraud Policy.
- (4) On determining that a report is not credible or is not a report of fraud, the Ethics Officer (County Manager) shall document this determination. The Ethics Officer's (County Manager's) documentation shall include support for the determination. The Ethics Officer (County Manager) will refer questions as to whether an action constitutes fraud to the Internal Audit Division.
- (5) In addition to reporting each suspected fraud to Internal Audit, the Ethics Officer (County Manager) is responsible for reporting confirmed fraud to the State Auditor's Office in the manner required by state law.
- (6) The Ethics Officer (County Manager) is responsible for the administration, proposed revision to, interpretation, and application of this policy.

(F) Guidelines for the Investigation of Suspected Fraud.

- (1) The Ethics Officer (County Manager) is responsible for the full investigation and documentation of suspected fraud.
- (2) The Ethics Officer (County Manager) has primary responsibility for the investigation of reported wrongdoing and all suspected fraud and for coordinating investigative activities with the County Anti-Fraud Coordinator, the General Counsel, and Internal

Audit Division. Each employee involved in an investigation of suspected fraud shall keep the content of the investigation strictly confidential to the full extent provided by law. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know.

- (3) Any required investigative activity shall be conducted without regard to the suspected wrongdoer's length of service, position/title, relationship to the County, or any other perceived mitigating circumstances.
  - (4) The Ethics Officer (County Manager) shall maintain appropriate documentation regarding incidents of fraud and other fraud reports. The Ethics Officer (County Manager) shall develop and maintain guidelines for access to and security of this documentation.
  - (5) If an investigation substantiates fraudulent activities, the Ethics Officer (County Manager) will prepare an incident report, which will be made available to the Board of Commissioners and the County Attorney. The Ethics Officer (County Manager) shall prepare the report as soon as possible after the fraud is confirmed and shall document the content of the investigation, the findings, and any disciplinary actions taken as a result of the findings.
  - (6) Any inquiries from the suspected individual, his/her attorney/representative, or any other inquirer shall be directed to the Ethics Officer (County Manager). If necessary, the Ethics Officer (County Manager) will refer these inquiries to the appropriate person(s) or entity(ies).
- (G) Disciplinary Action.
- (1) Failure to comply with any part of this policy is grounds for disciplinary action, including but not limited to immediate termination.
  - (2) An employee who knowingly commits the following is subject to disciplinary action, including but not limited to termination:
    - (a) Has engaged in any form of fraud, waste or abuse;
    - (b) Suspects or discovers fraudulent activity and fails to report his/her suspicions as required by this policy (See: Responsibility to Report Suspected Fraud); or
    - (c) Intentionally reports false or misleading information.
  - (3) Any member of management who does not pass to the Ethics Officer (County Manager) each and every report of suspected fraud made by an employee or other person is subject to disciplinary action, including immediate termination.

(H) Fraud Awareness Training.

Each employee is required to attend at least one session of Fraud Awareness Training during each fiscal year. After attending the training, the employee must sign a form indicating that they have attended the training and understood its content.

(I) Effective Date.

The effective date of this ordinance shall be upon the second reading of this ordinance and execution by the Pike County Board of Commissioners.

(J) Severability and Repeal

- (1) If any paragraph, subparagraph, sentence, clause, phrase or any portion of this Ordinance be declared invalid or unconstitutional by a court of competent jurisdiction, or if any provision of any part of this Ordinance as applied to any particular set of circumstances or situation be declared invalid or unconstitutional, such invalidity shall not be construed to affect the portions of this Ordinance not so held to be invalid, or the

application of this Ordinance or other circumstances not so held to be invalid. It is hereby declared to be the intent of the Board of Commissioners to provide for separable and devisable parts and they do hereby readopt any and all parts hereof as may not be held invalid for any reason.

- (2) Any ordinance or resolution of Pike County, or portion(s) thereof, are deemed in conflict with this Ordinance, then such conflicting ordinance, resolution or portions are hereby repealed.

(Ord. Passed 02-13-08)