

Town of Canterbury

Fraud and Corruption Prevention Policy

1. Purpose: Fraud can cause devastating financial losses and other long-term repercussions. Any allegations of fraud will be taken seriously, with no exceptions. All individuals regardless of position, title, or tenure are expected to remain vigilant and report any suspicious activity.

2. Policy: The Town of Canterbury upholds a zero-tolerance approach regarding fraud and corruption. The Town will identify and promptly investigate any suspected fraudulent or related dishonest activity against the Town or other parties with whom the organization has dealings. The Town will take appropriate disciplinary and legal actions for the situation up to and including termination of employment, restitution, and forwarding information to the appropriate authorities for prosecution.

3. Definitions:

- **Fraud** is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. Dishonest or fraudulent activities include, but are not limited to, the following:
 - Forgery or alteration of documents (checks, bank draft, time sheets, invoices, agreements, etc.) or bank accounts belonging to the Town or its subsidiaries.
 - Misrepresentation of information on documents.
 - Misappropriation of funds, supplies, or assets.
 - Theft, disappearance, or destruction of assets.
 - Improprieties in the handling or reporting of money or financial transactions.
 - Authorizing or receiving payments for goods not received or services not performed.
 - Authorizing or receiving payment for hours not worked.
 - Inappropriate use of the Town's records and disclosing confidential information to outside parties.
- **Corruption** is defined as the offering, giving, soliciting, or acceptance of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include bribery, conspiracy, and extortion.
- **Management:** For purposes of these procedures, management refers to the Board of Selectmen, Town Administrator, Supervisors, or other individuals who manage or supervise funds or other resources.

4. Responsibilities:

- Management is responsible for the detection and prevention of fraud and misappropriation. Each member of management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indication of irregularity.

- Everyone is responsible for reporting any potential instance of fraud or corruption immediately to their immediate supervisor. If the supervisor is suspected of fraud, the notification must then be escalated to the next person in the organization chart. If the Board of Selectmen are suspected the Town Administrator will be notified and contact Town Counsel.
- Management is responsible for taking appropriate corrective actions and ensuring adequate controls exist to prevent the recurrence of improper actions.
- All employees and the Board of Selectmen must report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any employee, Board member, contractor, vendor, or any other party with an association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

5. Procedures:

Preventing Fraud and Corruption

- The Town has established internal controls, policies, and procedures to deter, prevent, and detect fraud and corruption.
- New employees will be subject to background investigations, including a criminal background check. The Town will also verify all applicants' employment history, education, and personal references prior to making an offer of employment.
- Vendors, contractors, and suppliers must be active, in good standing, and authorized to transact business in their country. Vendors, contractors, and suppliers are subject to screening, including verification of the individual's or company's status as a suspended or debarred party.
- Contractual agreements with the Town for any capital projects will contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

Corrective Action

- Depending on the seriousness of the offense and the facts of each case, actions against an employee can range from written notification and a probationary period, up to and including dismissal or legal action (civil and/or criminal). In cases involving monetary losses the Town will pursue recovery of losses.
- Individuals at all levels of the Organization will be treated equally regardless of their position, years of service, or affiliation with the Town.
- Decisions to prosecute or refer investigation results to the appropriate law enforcement and/or regulatory agency for independent investigation will be made in consultation with legal counsel and the Board of Selectmen.
- If suspected fraud or corruption concerns are not an employee (elected/appointed official, vendor, contractor, etc.) the Police Department will be notified to conduct an investigation.

Town of Canterbury Board of Selectmen

Scott Doherty, Chairman

Beth Blair

Calvin Todd

Reviewed and signed _____