

CITY OF ST. MARY, MISSOURI

ANTI-FRAUD & CORRUPTION POLICY

INTRODUCTION

The City of St. Mary recognizes the importance of protecting the organization, its taxpayers, and its employees and its assets against financial risks, operational breaches and unethical activities. Therefore, the management must clearly communicate the fraud prevention policy to both internal and external customers, vendors and employees.

- The impact of misconduct and dishonesty may include:
- The actual financial loss incurred
- Damage to the reputation of our city and our employees
- Negative publicity
- The cost of investigation
- Loss of employees
- Loss of public confidence
- Damaged relationships with our contractors and suppliers
- Litigation

Our goal is to establish and maintain an environment of fairness, ethics and honesty for our employees, our citizens, our suppliers and anyone else with whom we have a relationship. To maintain such environment requires the active assistance of every elected official and every employee.

Our City is determined to protect itself and the public from fraud, corruption and dishonest activities and is committed to the maintenance of a strategy for prevention. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal, where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

POLICY

This policy addresses the responsibility of employees for detecting and reporting fraud or suspected fraud, corruption or dishonest activities and provides a way for individuals outside of the organization to report City improprieties. Management, which includes the Mayor and Board of Aldermen, are responsible for the detection and prevention of fraud, misappropriations and other inappropriate conduct. Management also recognizes that a key preventative measure in the fight against fraud and corruption is to employ employees who have high standards in terms of propriety and integrity. Further, all employees of the City government have a duty to the residents of the City of St. Mary to ensure that City resources are prudently used in accordance with the law. Management is further committed to continuously improving the system for which it is responsible, both through its own assessments and by positive and prompt responses to audit recommendations. It is, therefore, the intent of the Board of Aldermen of the City of St.

Mary to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations to aid in the detection and prevention of fraud against the City of St. Mary.

ZERO TOLERANCE POLICY

The City of St. Mary has adopted a zero tolerance policy regarding fraud. No employee of the City shall remove any City of St. Mary assets from the property, misuse any City assets for one's personal gain, or willfully misappropriate any City of St. Mary asset. Any evidence supporting fraud, theft or embezzlement of City of St. Mary assets and equipment may be subject to the following actions including but not limited to: suspension, termination, restitution and criminal charges. Any City of St. Mary employee who is aware of fraud being committed against the City by anyone shall report activity to the Police Department.

FRAUD, CORRUTION AND PROHIBITED ACTS

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

1. Falsification of expenses and invoices
2. Authorizing or receiving compensation for goods not received or services not performed
3. Theft of cash or fixed assets
4. Alteration or falsification of records
5. Failure to account for monies collected
6. Falsifying time sheets, authorizing or receiving compensation for hours not worked
7. Disclosing confidential or proprietary information to outside parties
8. Accepting or seeking anything of monetary value from contractors, vendors, or persons providing services/materials to the City of St. Mary
9. Destruction, removal or inappropriate use of records, furniture, fixtures, equipment, any/or any similar or related irregularity
10. Embezzlement, bribery or conspiracy

REPORTING OF FRAUD

1. Employees shall read and understand this policy. The Board of Aldermen shall communicate the provisions of this policy to all the employees including the elected or appointed employees of the city.
2. Suspected or known fraudulent acts by employees shall be reported to Mayor and Board of Aldermen. If the employee has reason to believe that an elected official may be involved, the employee shall notify the Police Department directly. The Board of Aldermen shall communicate the provisions of this policy to all the employees including the elected or appointed employees of the city.
3. The Board of Alderman shall communicate any suspected or known fraudulent act to the Police Department. The Police Department shall notify the Board of

Aldermen of each reported incident and keep the Mayor abreast of the investigation.

4. All participants in the fraud investigation shall keep the details and results of the investigation confidential.
5. Any employee 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 the city determines that the report of wrongdoing was knowingly fabricated by the employee or was knowingly distorted, exaggerated or minimized to either injure someone else or to protect the reporting part or others. An employee who makes false allegations shall be subject to disciplinary action up to and including termination of employment.

DETECTING FRAUD AND CORRUPTION

The City has established internal controls, policies and procedures in an effort to prevent and detect fraud and corruption. All new employees, full time or part time, are subject to background investigations including a criminal background check. All temporary or seasonal employees may be subject to a criminal background check based on position and possible duration or employment. The City may also verify all applicants' employment history, education and personal references prior to making an offer of employment.

All vendors, contractors and suppliers must be active, in good standing and authorized to transact business in the City of St. Mary. Vendors, contractors and suppliers may be subject to screening, including verification of the individual or company's status as a debarred party. When necessary, contractual agreements with the City may contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

City employees will periodically receive fraud and corruption awareness training. New employees will receive this policy as part of their training at time of hire.


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 Mayor and Board of Aldermen.

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

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

This policy was adopted by the Board of Aldermen on February 23, 2012.


Mayor Carlton Wyatt

Attest:


City Clerk JoAnn E. Donze

<u>Alderman</u>	<u>aye</u>	<u>nay</u>	<u>abstain</u>	<u>absent</u>
Robert Bequette	x			
Dennis Bovey	x			
Clyde Cassoult	x			
Frank Gerardot		x		

I, JoAnn E. Donze, Clerk of the City of St. Mary, Missouri, do hereby certify that the foregoing Anti Fraud Policy was duly adopted by the Board of Aldermen on Thursday, February 23, 2012 at a Special Meeting of the Board of Aldermen.


City Clerk JoAnn E. Donze