

ANTIFRAUD POLICY OF THE TOWN OF HUDSON

PURPOSE

The Board of Selectmen of the Town of Hudson hereby make, adopt and establish the following policy for the protection of town assets and its reputation from misappropriation and abuse by creating an environment in which employees and citizens can report any suspicion of fraud, communicating the Town's intent to prevent, report, investigate, and disclose to proper authorities suspected fraud, abuse, and similar irregularities, and providing management with guidelines and responsibilities regarding appropriate actions in conducting investigations of alleged fraud and similar improprieties.

The creation of an anti-fraud culture is a key objective of the Policy.

APPLICABILITY

This policy pertains to any suspected fraud, abuse, or similar irregularity against the Town. It applies to the Board of Selectmen, School Committee and all other elected town officials; their appointees; all Town of Hudson employees; and to any other persons acting on behalf of the Town, such as vendors, contractors, consultants, volunteers, temporary, and casual employees, and grant subrecipients.

Fraud and related misconduct will not be tolerated. Employees found to have participated in such conduct will be subject to disciplinary action, up to and including termination.

POLICY

The Town is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, consultants, vendors, agents, or its own employees, to gain by deceit, financial or other benefits at the expense of taxpayers. Town officials, employees and other persons acting on behalf of the Town must, at all times, comply with all applicable policies, laws, and regulations. The Town will not condone any violation of law or ethical business practices and will not permit any activity that fails to stand the closest possible public scrutiny. The Town intends to fully, objectively, and impartially investigate any suspected acts of fraud or other similar irregularities regardless of the position, title, length of service, or relationship with the government of any party who may be the subject of such investigation.

A. Definitions

Fraud is defined as a willful or deliberate act with the intention of obtaining an authorized benefit, such as money or property, by deception or other unethical means.

Any person acting on behalf of the Town shall mean any person responsible for or to Hudson's government placed in that position by some official relationship with the Town.

Abuse can occur in financial or nonfinancial settings and refers to, but is not limited to:

- Improper use or misuse of authority
- Improper use or misuse of Town property, equipment, materials, records, or other resources
- Waste of public funds

Fraud or other irregularity refers but is not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any documents (time sheets, contractor agreements, purchase orders)
- Forgery or alteration of a check, bank draft, or any other financial document or electronic file
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of Town activities
- Disclosing confidential or proprietary information to outside parties
- Accepting or seeking anything of material value from consultants, contractors, vendors, or persons providing services or materials to the Town
- Procurement fraud, including but not limited to bid-rigging and collusion, kickbacks, unjustified sole source awards, and product substitutions
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Any claim for reimbursement of expenses not made for the exclusive benefit of the Town
- Authorizing or receiving payments for hours not worked or accrued and documented
- Making a false or misleading statement and/or misrepresenting or concealing a material fact to receive workers' compensation benefits
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes
- Any omissions and misrepresentations made in bond offering documents, presentations to rating agencies, and annual financial reports

B. Antifraud Responsibilities

Every employee has the responsibility to assist the Town in complying with policies and laws and in reporting violations. The Town encourages the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

Town managers and officials are responsible for instituting and maintaining a system of internal controls and appropriate segregation of duties to reasonably ensure the prevention and detection of fraud, misappropriations, and similar irregularities. Management should be familiar with the types of improprieties that could occur within their areas of responsibility and be alert for any indications of such conduct.

The policy provides a mechanism whereby staff may report concerns in confidence without their identity being disclosed. Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a violation or suspected misconduct is strictly forbidden.

The Town has designated the Town Accountant the Fraud Prevention Officer with primary responsibility for investigating all activity defined in this policy. The Town Accountant, Patricia Fay, can be reached at 78 Main Street, Hudson, MA 01749 or by calling (978)-568-9632 and will, to the extent practical promptly make a preliminary investigation into the matter. This process will be confidential to the extent consistent with an effective investigation, subject to the business needs of the Town. Care will be taken in the follow up of suspected misconduct to avoid acting on incorrect or unsupported accusations which could adversely affect the Town, an employee, or other parties. Investigative or other follow up activity will be carried out without regard to the suspected individual's position, level or relationship to the Town.

The Fraud Prevention Officer will notify the Executive Assistant if after the completion of this preliminary investigation it is determined that there is reasonable cause for finding a violation of this policy.

In all circumstances where there are reasonable grounds to indicate a fraud may have occurred, the Town Accountant or Executive Assistant subject to the advice of Town Counsel, may contact the District Attorney's office and/or the Hudson Police Department. Upon concluding the investigation, the Town Accountant or Executive Assistant will report results to the Selectmen, and others as determined necessary. Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.

C. Disclosure

If the Town's investigation concludes that there was a violation of any federal criminal law involving fraud, bribery or gratuity potentially affecting a federal award, the Town Accountant will disclose such in writing to the federal awarding agency in compliance with the Office of Management and Budget's Omni Circular. Similarly, if there are findings of bond offering information falsification, the Town Accountant will disclose in writing to the bondholders.

PROCEDURES

The Town Accountant will create a set of procedures to cover all of the following at minimum:

1. Procedure and methods for reporting suspicions of fraud, abuse and other irregularities
2. Assignment of responsibilities in response to reported suspicions
3. Employee protections from retaliation
4. Security of investigation documents
5. Treatment of anonymous allegations and false allegations (intentional and unintentional)
6. Personnel disciplinary actions
7. Responsibilities around media contact
8. Training, education and awareness
9. Disclosure requirements and protocols

Upon completing these procedures, they should be referenced or appended to this policy.

EFFECTIVE DATE

This policy was adopted on April 24, 2017