

CALHOUN COUNTY
BOARD OF COMMISSIONERS
POLICY STATEMENT 286

SUBJECT: ANTI-FRAUD POLICY

DATE APPROVED: APRIL 7, 2011

EFFECTIVE: IMMEDIATELY

REPLACES: NEW

BACKGROUND: The Calhoun County Anti-Fraud Policy (hereinafter “Policy”) is established by authority of MCL §46.11(m) and §46.13b at the recommendation of the Calhoun County Administrator/Controller and Calhoun County’s Independent Auditors to facilitate the development of controls which will aid in the detection and prevention of fraud throughout Calhoun County government. It is the intent of Calhoun County to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of fraud investigations.

SCOPE OF POLICY: The policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies, individuals doing business with employees of such agencies, and/or any other parties with a business relationship with Calhoun County. Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to Calhoun County.

POLICY: Calhoun County is responsible for the detection and prevention of fraud, misappropriations of public funds or resources, and other inappropriate and/or illegal conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. All elected officials, appointed officials, and employees of Calhoun County will be familiar with the types of improprieties that might occur within their areas of responsibility and shall be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the County Administrator/Controller, who shall coordinate all investigations, both internal and external.

ACTIONS CONSTITUTING FRAUD: The terms defalcations, misappropriation, and other fiscal wrongdoings refer to, but are not limited to the following acts in relation to Calhoun County:

- * Any dishonest or fraudulent act
- * Forgery or alteration of any document or account belonging to Calhoun County
- * Forgery or alteration of a check, bank draft, or any other financial document
- * 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 Calhoun County activities
- * Disclosing confidential and proprietary information that is not publically available to third parties
- * Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Calhoun County in exchange for preferential treatment (exception: gifts less than \$100 in value)
- * Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment owned by Calhoun County
- * Any similar or related inappropriate conduct

INVESTIGATION RESPONSIBILITIES: The Calhoun County Administrator/Controller has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Calhoun County Administrator/Controller will issue report(s) to appropriate personnel and to the Board of Commissioners. In the event that the suspected fraudulent act was committed by an employee of an elected official, the investigative responsibility will be shared between the County Administrator/Controller and the elected official as co-employers. Decisions to prosecute or refer the examination to the Office of the Sheriff or other appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with Corporation Counsel, the Calhoun County Administrator/Controller, any affected elected official, and the Board of Commissioners if deemed appropriate, as will final decisions on the disposition of any matter.

CONFIDENTIALITY: The department head/manager/elected official and the Calhoun County Administrator/Controller will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity shall report the behavior immediately. Any individual making a report of a violation or suspected violation of state, local, or federal law is protected by the Michigan Whistleblowers' Protection Act, MCL §15.361, et. Seq., as amended. Any discharge, threat, other discrimination against an employee for making a report under this Policy, unless the employee knows that the report is false, is expressly prohibited by State law and by this Policy. The employee or other complainant may remain anonymous (although, depending on the investigation, the employee or other complainant may eventually become a witness in court proceedings). All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Calhoun County Administrator/Controller. No information concerning the status of an on-going investigation will be given out. The proper response to any inquiries regarding an on-going investigation is: "I am not at liberty to discuss this matter." Under no circumstances should any

reference be made to “the allegation”, “the crime”, “the fraud”, “the forgery”, “the misappropriation”, or any other specific reference.

REPORTING PROCEDURES: The reporting individual should be informed of the following:

* The reporting individual has the option of first reporting the behavior/incident to the department head. The behavior/incident **must** then be reported to the Calhoun County Administrator/Controller within 24 hours of becoming aware of the suspected fraud (the matter cannot be dismissed solely by the department head).

* In the event that the suspected fraud involves another local unit of government, the State of Michigan, or the Federal government, the County Administrator/Controller, in consultation with Corporation Counsel, will decide whether it is appropriate to report the suspected fraud to the State Department of Treasury or other authorities.

* If it is not deemed appropriate to discuss the matter with the department head first, the Calhoun County Administrator/Controller should be contacted directly regarding a complaint.

* No attempt should be made to contact the suspected individual in an effort to determine facts or demand restitution.

* Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Calhoun County Administrator/Controller.

TERMINATION: Allegations of fraud, as defined herein, may result in employment action up to and including termination of employment. The matter may also be referred to the Calhoun County Prosecutor, Calhoun County Office of the Sheriff, local law enforcement agencies, or appropriate State/Federal agencies/officials for further action.

ADMINISTRATION: The Calhoun County Administrator/Controller and the Calhoun County Board of Commissioners are responsible for the administration of this policy. If the Calhoun County Administrator/Controller is the person suspected of the inappropriate behavior, the Chairman of the Board of Commissioners, with the assistance of Corporation Counsel, shall assume the responsibilities of the Calhoun County Administrator/Controller in relation to this policy as stated above, during all phases of the process.