

A.R. 1.21 Fraud Policy

CITY OF CHESAPEAKE, VIRGINIA

NUMBER: 1.21

ADMINISTRATIVE REGULATION

EFFECTIVE DATE: 8/29/05

**SUBJECT: CITY MANAGER'S OFFICE
FRAUD POLICY**

SUPERCEDES: N/A

I. PURPOSE

The purpose of this Administrative Regulation is to provide information and guidance to City employees on the identification and reporting of fraudulent activities which may occur in the workplace.

II. DEFINITION

For the purposes of this policy, fraud is defined as one of a number of irregularities or illegal acts characterized by intentional deception. Fraud can be committed for either the benefit or the detriment of the City, and can be perpetrated by City employees, contractors, or some combination of the two. Fraudulent activities may include, but are not limited to:

- Acceptance of bribes, kickbacks, or other improper payments from customers, suppliers, or service providers;
- Misappropriation of money or property, and falsification of records to conceal this misappropriation;
- Misrepresentation of events, data, transactions, or otherwise relevant information;
- Improper travel or other reimbursements or claims,
- Altering or misrepresentation of contract performance

III. POLICY

The City of Chesapeake prohibits its employees from engaging in fraudulent or fraud-related activities. Employees who engage in such activities will be disciplined as prescribed in Administrative Regulation 2.11, and may also be subject to criminal prosecution.

IV. PROCEDURE

When City employees are suspected of engaging in activities that may be considered fraudulent or fraud-related, the affected Department Head should notify the City Manager's Office. An administrative investigation will be conducted by staff designated by the City Manager's Office. Depending upon the circumstances, the investigation may involve the affected department or other departments, including the City Attorney's Office and law enforcement entities. Audit Services should also be notified, so that potential control issues can be identified and addressed.

The City will designate a message center within the Customer Contact Center for confidential complaints. Access to this message center will be limited to members of the Audit Services staff, who will follow up on them.

Employees are responsible for cooperating fully with any administrative investigation. Employees should not discuss the matter under investigation with anyone other than those responsible for investigating the matter. Employees who fail to cooperate or otherwise fail to comply with this policy will be subject to disciplinary action.

After completion of the administrative investigation, the City Manager's Office shall be notified of the findings. Also, should the administrative investigation uncover evidence of what appears to be illegal activity, the Commonwealth Attorney's Office shall be notified immediately. If warranted, once the administrative investigation has been completed, disciplinary actions will commence, subject to the direction from the City Manager's Office and/or the Commonwealth Attorney's Office.

Copies of records related to the administrative investigation shall be considered personnel records and shall be exempt pursuant to Administrative Regulation 1.08 Section III. F. When an administrative investigation has been completed, its related records should be sent to the City Manager's Office, where the central file for all administrative investigations shall be maintained.

Department Heads should be aware of areas that are vulnerable to fraudulent activity and should take steps to minimize exposures in those areas. Any procedures initiated to address control weaknesses discovered during an administrative investigation should be documented in writing and forwarded to the City Manager's Office.

Reviews of matters not considered significant may be resolved by individual departments.