

# *Town of Hooksett*

35 Main Street  
Hooksett, NH 03106

## **FRAUD POLICY**

### **Section 1. Introduction**

**1.1** Financial accountability is a top priority for the Town of Hooksett. The Town's fraud policy formalizes the expectations of personal honesty and integrity required of Town officials and employees. The Town of Hooksett is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries or its own officials and employees, to gain by deceit, financial or other benefits at the expense of the Hooksett taxpayers.

### **Section 2. Purpose**

**2.1** The purpose of this document is to communicate municipal policy regarding the deterrence and investigation of suspected misconduct and dishonesty by officials or employees, and to provide specific instructions regarding appropriate action in case of suspected violations.

### **Section 3. Definition**

**3.1** There are three major categories of fraud, Asset Misappropriation, Corruption and Fraudulent Statements.

1) **Asset Misappropriations** – Theft or misuse of an asset.

- Cash
  - Fraudulent Disbursements – Perpetrator causes the Town to disburse funds through some trick or device (e.g. submitting false invoices, timesheets, expense reimbursement schemes, check tampering, etc.), or prevents the timeliness of the disbursement of funds.
  - Embezzlement – Perpetrator appropriates monies fraudulently to one's own use, as money or property entrusted in one's care.
  - Skimming – Cash is stolen from the Town before it is recorded on the Town's books and records.
  - Cash Larceny – Cash is stolen from an organization after it has been recorded on the Town's books and records.

- Inventory and all other assets.
  - Misuse – Misuse, misappropriation, misapplication, destruction, removal, or concealment of the Town’s inventory or assets for personal use (e.g. Town vehicles, computers, supplies, etc.)
  - Larceny – Inventory or other assets are stolen from the Town.

2) **Corruption** – Wrongfully use influence in a business transaction in order to procure some benefits for themselves or another person, contrary to duty to employer or the rights of another.

- Conflicts of Interest – An undisclosed economic or personal interest in a transaction that adversely affects the Town.
- Bribery – The offering, giving, receiving or soliciting of anything of value to influence an official act or a business decision.
- Illegal Gratuities – A party who benefits from an official act or a business decision gives a gift to a person who made the decision. An illegal gratuity does not require proof of intent to influence.
- Economic Extortion – An official or employee demands that a vendor/contractor/etc. pay to influence an official act or a business decision.

3) **Fraudulent Statement** – Falsification of a Town record. Other similar irregularities is defined as any activity involving questionable behavior or business dealings by member of the public, contractors, vendors, agents or Town officials and employees, that put Town revenue, property, information and other assets at the risk of waste or abuse.

#### **Section 4. Zero Tolerance**

**4.1** The Town of Hooksett has adopted a zero tolerance policy regarding fraud. No official or employee of the Town shall remove any Town of Hooksett assets from the property without proper authorization from the Town Administrator, misuse any Town assets for ones personal gain, or willfully misappropriate any Town of Hooksett asset. Any evidence supporting fraud, theft or embezzlement of Town of Hooksett assets and equipment may be subject to the following personnel actions including but not limited to: suspension, termination, and restitution.

#### **Section 5. Reporting of Fraud or Corruption**

**5.1** Officials and employees shall read and understand this policy. Department Heads shall be responsible to communicate this policy to their staff.

**5.2** Any Town of Hooksett official or employee who suspects or is aware of fraud being committed against the Town by anyone shall immediately report such activity to the Town Administrator. (If the Town Administrator is the alleged perpetrator the report shall be directed to the Hooksett Police Chief. If this occurs, the Chief will take the place of the Administrator in the process described below.)

Upon receiving such a report, the Town Administrator will immediately take the allegation to the Town's Legal Counsel and the Hooksett Police Prosecutor. The Administrator, Counsel and Prosecutor will decide the most prudent way to proceed. This may include, for example, parallel investigations for personnel or criminal issues or a decision that the investigation should be completely turned over to the Hooksett Police Department or the NH State Police.

Once a plan of action has been developed, the Town Council will be apprised of the situation in a non-public session.

**5.3** All investigations will be conducted in confidence insofar as reasonably possible. The names or names of those communicating information about a fraudulent act or the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunctions with the investigation or legal action.

## **Section 6. False Allegations**

**6.1** False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.

**6.2** NH Whistleblowers' Protection Act (RSA 275-E) was established to protect the rights of officials or employee who report violation of law, or refuse to execute illegal directives, participate in investigations or hearings. For a full explanation of these rights the remedies, officials and employees should review this policy which should be displayed in a prominent location in their place of work.

## **Section 7. Prevention**

**7.1** Each department will maintain an internal control environment to protect the department and the Town from loss or other damages as a result of a fraudulent act.

## **Section 8. Corrective Actions and Discipline**

**8.1** Appropriate and timely action will be taken against those proven to have committed fraudulent act. These remedial actions may include, but are not limited to:

1. Disciplinary action (up to and including immediate termination of employment).
2. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
3. Institution of civil action to recover losses.
4. Where the Town of Hooksett elects to take corrective or disciplinary action, it will proceed under the procedures in place under the Personnel Plan or under any collective bargaining agreement for the respective employment classification.
5. The Town of Hooksett may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from fraudulent conduct.

Adopted by vote of the Council on this date, 5.23.12

James A Sullivan  
McComa  
[Signature]  
Richard Boswell  
Mr. James  
Levin  
James A. Levesque  
[Signature]

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**FRAUD POLICY**

Recognition & Awareness Form

Acknowledgement:

My signature signifies that I have read the Town of Hooksett's Fraud Policy and that I understand my responsibilities related to the prevention, detection and reporting of suspected misconduct and dishonesty.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Department Head Signature: \_\_\_\_\_

