



FRAUD POLICY

PM-78-05

Section: 78-00, EMPLOYEE CONDUCT

PURPOSE AND SCOPE

This policy establishes guidelines for preventing Fraud and for responding to allegations of embezzlement, theft, misappropriations of public funds or property, and other types of Fraud related to the business of the City of Memphis, hereinafter called "City." For the purposes of this policy, the following classes of individuals will be hereinafter referred to as "Employee(s)":

- City employees (regular, contingent, or grant-funded)
- Elected officials
- Contractors
- Any other person(s) or organization(s) engaging in business on behalf of the City

This policy applies to all Employees and is administered by the Office of the City Auditor, Executive Division.

POLICY

The City is committed to upholding the public trust. All employees are expected to support this policy by avoiding behaviors and actions that could be perceived as embezzlement, theft, misappropriation of public funds or property, etc. Further, Employees are expected to support efforts meant to prevent and detect such activities.

Supervisors and managers have an even greater responsibility to uphold the City's policy. They are responsible for initiating preventative measures when appropriate as well as being familiar with the types of improprieties that might occur within their areas of responsibility and being alert for any indication of Fraud.

In observance of this policy, as in other business conduct, there is no substitute for sound professional judgment. Each employee should apply this policy with common sense and the attitude of seeking full compliance with the letter and spirit of the rules presented herein. The absence of specific guidelines, practice, or instruction covering a situation does not relieve an employee from exercising the highest ethical standards applicable to the circumstances. If an employee is concerned about a questionable situation that might arise, that employee should immediately consult management.



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ACTS CONSTITUTING FRAUD

For purposes of this policy, the following acts will be referred to as "Fraud":

- Any dishonest or fraudulent act
- Forgery or intentional and inappropriate alteration of any document or account of the City or its affiliates
- Forgery, alteration or unauthorized negotiation or presentment of a check, warrant, bank draft, or any other financial document of the City or its affiliates, including electronic transfer of funds
- Disclosing to other parties the confidential activities engaged in or contemplated by the City
- Accepting or seeking anything of material value from vendors, contractors, or other parties in exchange for or to induce favorable consideration concerning services, materials, supplies, equipment, or other work provided to the City
- Destruction or disappearance of records, furniture, fixtures, or equipment
- Any act of embezzlement, theft, misappropriation or fiscal irregularities
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes or misappropriation of City-owned software

CONFIDENTIALITY

In order to protect the reputations of innocent parties, to avoid potential civil liability, and to protect the possibility of recovery, activities associated with ongoing investigations will be discussed with parties affiliated with the City who have a need to know (parties responsible for the investigation, questioned as part of it, and/or advised of it), and with representatives of law enforcement and/or regulatory agencies. Any employee informed of an investigation in progress will ensure that strict confidentiality is observed so as not to prejudice the investigation of the City's rights and integrity. Any employee found violating this confidentiality will be subject to discipline up to and including termination.

Internal Audit and the Police Internal Affairs Bureau are receptive to receiving relevant information on a confidential basis from employees who suspect Fraud. An employee who suspects Fraud should immediately contact Internal Audit or Police Internal Affairs and should not attempt to conduct investigations or interviews/interrogations related to the suspected Fraud personally.



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REPORTING PROCEDURE

Employees must exercise professional and mature judgment in reporting suspected Fraud so as to avoid wrongful accusations or compromising a potential investigation. An employee who suspects Fraud should contact his/her Division Director, Internal Audit or Police Internal Affairs. When contacted, the Division Director or Police Internal Affairs should immediately notify the city Auditor.

After reporting the suspected Fraud to management, all employees must adhere to the following restrictions:

- Do not contact the suspected party in an effort to determine facts or demand restitution
- Do not discuss the case, facts, suspicions, or allegations with any party outside unless specifically asked to do so by Internal Audit.

POST INVESTIGATION RESULTS AND ACTION

If an investigation results in a recommendation to pursue internal discipline, civil and/or criminal fraud proceedings, the recommendation must be reviewed and approved by the Director of Human Resources and the City Attorney. The City Attorney will determine whether the recommendation and results of the investigation warrant civil and/or criminal actions. In the event that internal discipline is recommended for City Employees, such recommendation will be forwarded to the appropriate Division Director for disciplinary proceedings pursuant to Personnel Manual Policy PM-38-01.

INTERPRETATION

Interpretation of any legal aspects of this policy will be decided by the City Attorney. Interpretation of aspects of this policy affecting personal matters, including discipline and termination, will be decided by the Director of the Human Resources Division or designee.

REFERENCE CORRESPONDING POLICIES

- SECTION 38-00 DISCIPLINE AND APPEALS
- PM-62-12 EMPLOYEE CONDUCT
- PM-62-19 WHISTLEBLOWER PROTECTION
- PM-62-21 ELETRONIC COMMUNICATION POLICY



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- PM-78-04 INTERNET, E-MAIL, & PC POLICY