



FRAUD RISK MANAGEMENT POLICY

The City of Springfield takes the effective prevention and detection of fraudulent activity extremely seriously. Based on the recommendation of the Finance Director and City Manager, the City of Springfield has adopted the Fraud Risk Management Policy which is applicable to all employees with immediate effect.

Fraud is defined as any intentional act committed to secure unlawful or unfair gain, whether in cash or in kind. Fraud can occur internally or externally – by employees or third parties – and can be perpetrated individually or in collusion with others.

Policy Objective

This policy aims to protect the reputation and assets of the City of Springfield from loss or damage resulting from suspected or confirmed incidents of fraud and/or misconduct. The policy will provide guidance to all employees, including third parties, on reporting any suspicious activity and handling critical information and evidence.

The Fraud Risk Management Policy will help to strengthen the existing anti-fraud controls by raising the awareness, promoting an open and transparent communication culture, promoting zero tolerance to fraud and/or misconduct, encouraging all employees to report suspicious cases of fraud and/or misconduct, and spreading awareness amongst employees on risks faced by the city.

The City Manager, Finance Director, City Clerk, Director of Public Works, and Director of Public Safety are appointed to serve as the City's Fraud Risk Management Committee, which will be responsible for investigating all complaints of dishonest behavior, fraud or misconduct, and taking suitable actions as per the City's disciplinary procedures.

Types of Fraud

Fraud may involve

1. Misappropriation of funds
2. Willful destruction or loss of assets
3. Unauthorized personal use of City assets
4. Bribery
5. Corruption
6. Inappropriate relationships with third parties thereby causing conflict of interest
7. Manipulation, falsification or alteration of City documents

8. Suppression or omission of the effects of transactions from records
9. Deliberate misapplication of accounting or other regulations or policies
10. Disclosing confidential information to third parties without authority.

Role of Fraud Risk Management Committee (FRMC)

The FRMC will implement the policy and shall be responsible for reviewing and taking appropriate actions on all reported cases of suspected fraud/misconduct. The City Manager will act as the Chairman of the Committee. FRMC is also authorized to call such other employees and representatives of third parties to appear before it as may be required. The FRMC will work to achieve the following:

1. Record all complaints received from employees and third parties on suspected incidents of fraud/misconduct.
2. Conduct reviews, inspections and investigations to identify the facts/details about the reported incident and identify the perpetrator.
3. Take appropriate disciplinary actions against the perpetrator.
4. Take necessary steps to recover losses and misappropriated assets.
5. Report to the City Council periodically.

Escalation protocols

The City of Springfield encourages open and honest communication, and believes in a strong speak-up culture. Any person with knowledge of suspected or confirmed incidents of fraud and/or misconduct, or who is personally being placed in a position by another person to participate in a fraudulent activity, must report the case immediately. The City of Springfield encourages the use of the following mechanisms for effective and efficient handling of reported incidents:

1. Email: nhenne@springfieldmich.com or emoody@springfieldmich.com.
2. Written communication to members of FRMC via letters.

The FRMC will ensure the confidentiality of and complainant's identity, and no person will experience discrimination or unfair treatment as a result of a genuinely-held concern, even if the concern proves to be mistaken. Anonymity of the person is absolutely guaranteed unless the complaint is malicious.

All employees will be responsible for reporting suspected or confirmed cases of fraud and/or misconduct and extend full cooperation during internal checks, reviews or investigations to safeguard Springfield's reputation and assets. Employees will:

1. Adhere and comply with the City of Springfield's policies and procedures
2. Act with highest standards of ethics and integrity

3. Avoid accepting gifts, hospitality, or benefits that compromise integrity and standards of business conduct

Employees in managerial positions will be responsible for ensuring existence of robust controls in their area of operations and spreading awareness amongst team members. Maintaining good employee morale at all times is the key to reducing the likelihood of an employee causing harm to the City of Springfield.

Disciplinary Action

The FRMC, in consultation with the City's legal counsel, will determine the disciplinary action to be taken against the perpetrator in the event of a confirmed incident of fraud and/or misconduct. Disciplinary action may involve suspension or termination of employment, penalty, criminal or civil action, etc.

Awareness

Employee awareness with respect to fraud and/or misconduct reporting duties and escalation protocols is critical for ensuring an anti-fraud environment in the City of Springfield. All employees in a managerial position will be responsible for educating their team members on the importance of complying with City's policies and procedures and identifying/reporting suspicious activity.

FRMC will provide oversight in spreading awareness and ensuring adequate steps have been taken to increase awareness amongst employees.

Review of the Policy

The policy will be reviewed and revised (if deemed appropriate) by the FRMC on an annual basis.

Effective Date

December 1, 2009