

SPARTANBURG COUNTY FRAUD POLICY

INTRODUCTION

Spartanburg County is committed to the highest standards of moral and ethical behavior by its employees, administrators, and elected officials. The purpose of this policy is to prohibit dishonest acts and/or fraudulent activity and to advise employees, administrators, and elected officials of their responsibility to report suspected fraudulent activity to the appropriate County office. In addition, this policy assigns responsibility for the development of adequate internal controls and performance of investigations relating to fraud.

SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud, involving employees, administrators, and elected officials, as well as consultants, vendors, contractors, outside agencies, and/or any other parties having a business relationship with Spartanburg County. This policy also applies to employees of local boards, agencies and commissions over which Council has authority to require general policies to be followed.

POLICY

Spartanburg County Administration and all levels of management are responsible for the prevention and detection of fraud, misappropriations, and other inappropriate conduct. Fraud is defined in this policy as a willful or deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Any fraud that is detected or suspected will be reported immediately to the Spartanburg County Internal Auditor, who will conduct an objective and impartial investigation into the fraudulent activity, along with other applicable departments and/or law enforcement agencies, as deemed necessary or appropriate. Any individual found to have engaged in fraudulent activity, as defined by this policy, is subject to disciplinary action by Spartanburg County, which may include dismissal, as well as prosecution by appropriate law enforcement authorities.

ACTIONS CONSTITUTING FRAUD

As used in this policy, the term "fraud" includes, but is not limited to, the following:

- any dishonest or fraudulent act;
- forgery or alteration of any document or account belonging to the 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;
- disclosing confidential information to outside parties;
- accepting or seeking anything of material value from vendors, contractors, or other persons providing services/materials to the County.
- destruction, removal or inappropriate use of records, furniture, fixtures, and equipment;
- authorizing or receiving compensation for hours not worked;
- any similar or related inappropriate conduct.

OTHER INAPPROPRIATE CONDUCT

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and Human Resources rather than the Internal Auditor's Office. If there is a question as to whether an action constitutes fraud, contact the Internal Auditor for guidance.

DUTIES AND RESPONSIBILITIES

Employees, supervisors, department heads and administrators at all levels are responsible for setting the appropriate tone of intolerance for fraudulent acts by complying with all laws, rules, regulations and policies.

SPARTANBURG COUNTY FRAUD POLICY

Department heads, supervisors, and elected officials should be aware of the types of fraud that could occur within their area of responsibility and should be alert for any indication of fraud. Department heads, supervisors, and elected officials are responsible for establishing and maintaining proper internal controls that will provide for the security and accountability of the resources entrusted to them.

REPORTING PROCEDURES

Any employee of Spartanburg County who has a reasonable basis for believing a fraudulent act has occurred, or is occurring, has a responsibility to promptly notify their supervisor, Department head, or the Internal Auditor's Office. Supervisors, elected officials, and/or department heads have a responsibility to immediately notify the Internal Auditor's Office of fraudulent activity reported to them by employees.

No person acting on behalf of the County shall:

- dismiss, or threaten to dismiss, any employee;
- discipline, suspend, or threaten to discipline or suspend an employee;
- impose any penalty upon an employee; or
- intimidate or coerce an employee

because the employee has acted in accordance with the requirements of this policy. However, it shall also be a violation of this policy for any informant to make a baseless allegation of fraudulent activity that is made with reckless disregard for truth and that is intended to be disruptive or to cause harm to another individual. Any violation of this section will result in disciplinary action.

Persons reporting suspected fraudulent activity should refrain from confrontation with the suspect and should not discuss the matter with others unless specifically asked to do so by the Internal Auditor and/or County Attorney.

INVESTIGATIVE PROCEDURES

The Internal Auditor has the primary responsibility for investigating the reported fraudulent activity; however, the Internal Auditor may contact other individuals, such as the Director of Human Resources, the County Attorney, County Administration, etc. as deemed appropriate to establish a team to investigate the suspected fraudulent activity.

Members of the investigative team will have:

- free and unrestricted access to all County records and premises, whether owned or rented; AND
- the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

In the instances where the investigation indicates possible criminal activity, the investigation will be turned over to the appropriate law enforcement agency.

The results of the investigation conducted by the Internal Auditor will be communicated orally and/or in writing to the County Administrator, the audit firm engaged to perform Spartanburg County's annual audit, and/or other appropriate designated personnel.

CONFIDENTIALITY

All participants in a fraud investigation shall keep the details and results of the investigation confidential. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know, in order to protect the reputations of persons suspected of fraudulent activity but subsequently found innocent of wrongdoing and to protect the County from potential civil liability.

SPARTANBURG COUNTY FRAUD POLICY

MEDIA ISSUES

Any person contacted by the media with respect to an investigation into fraudulent activity shall refer the media to the County Administrator. The suspected fraud or audit investigation shall not be discussed with the media by any person other than through the County Administrator, in consultation with the Internal Auditor and/or County Attorney.

SANCTIONS

- **Employees and Administrators**

Employees and administrators suspected of participating in fraudulent activity may be suspended without pay during the course of the investigation, in accordance with policies set by Human Resources.

Employees and administrators found to have participated in fraudulent activity will be subject to disciplinary action up to and including termination from employment and probable criminal prosecution or civil action.

Employees and administrators found to have knowledge of fraudulent activity and who knowingly failed to report the activity will be subject to disciplinary action up to and including termination from employment.

If disciplinary action is warranted, such action will be taken after consultation between the County Administrator, the Human Resources Director, the County Attorney, and other offices as deemed necessary or appropriate.

- **Consultants, vendors, contractors, outside agencies, and/or any other parties having a business relationship with Spartanburg County**

The relationship of individuals or entities associated with Spartanburg County found to have participated in fraudulent activity as defined by this policy will be subject to review, with the possible consequence of modification or termination of the relationship. If such action is warranted, the County Attorney and other appropriate offices will be consulted prior to the action being taken. Criminal or civil action may be taken against such individuals or entities.

Adopted by Spartanburg County Council on July 18, 2005