



POLICY TITLE: Fraud Policy

EFFECTIVE DATE: October 25, 2021

INTRODUCTION

Landrum Area Fire & Rescue District is committed to the highest standards of moral and ethical behavior by its employees, appointed and elected officials. The purpose of this policy is to prohibit dishonest acts and/or fraudulent activity and to advise employees, appointed and elected officials of their responsibility to report suspected fraudulent activity to the District Board of Commissioners. 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, appointed and elected officials, as well as consultants, vendors, contractors, outside agencies, and/or any other parties having a business relationship with Landrum Area Fire & Rescue District.

POLICY

The Landrum Fire & Rescue District Board of Commissioners (Commission) 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 Fire Chief, who will conduct an objective and impartial investigation into the alleged fraudulent activity, along with other applicable departments and/or law enforcement agencies, as deemed necessary or appropriate. Should the fraud detected or suspected be on the part of the Fire Chief, it will be reported immediately to the Commission Chairperson who will conduct an objective and impartial investigation as aforementioned. Any individual found to have engaged in fraudulent activity, as defined by this policy, is subject to disciplinary action by Landrum Area Fire & Rescue District, 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 District;
- 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 District;
- 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 the Fire Chief. Suspected improprieties concerning the Fire Chief's moral, ethical, or behavioral conduct should be resolved by the Commission.

DUTIES AND RESPONSIBILITIES

Employees, supervisors, appointed and elected officials at all levels are responsible for setting the appropriate tone of intolerance for fraudulent acts by complying with all laws, rules, regulations and policies. Supervisors, appointed and elected officials should be aware of the types of fraud that could occur within their area of responsibility and should be on alert for any indication of fraud. Supervisors, appointed 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 Landrum Area Fire & Rescue District who has a reasonable basis for believing a fraudulent act has occurred, or is occurring, has a responsibility to promptly notify their supervisor. Supervisors have a responsibility to immediately notify the Fire Chief of alleged fraudulent activity reported to them by employees. Should the fraudulent activity be alleged against the Fire Chief, the Supervisors have a responsibility to immediately notify the Commission Chairperson. No person acting on behalf of the District shall:

- dismiss, or threaten to dismiss, any employee;
- discipline, suspend, or threaten to discipline or suspend and 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.

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 Fire Chief. Persons reported suspected fraudulent activity against the Fire Chief should refrain from confrontation with the Fire Chief and should not discuss the matter with other unless specifically asked to do so by the Commission.

INVESTIGATIVE PROCEDURES

The Fire Chief has the primary responsibility for investigating suspected fraudulent activity; however, the Fire Chief may contact other individuals 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 District 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 Fire Chief will be communicated orally and/or in writing to the Commission, the District's audit firm and/or other appropriate designated personnel.

In the event the suspected fraudulent activity is alleged against the Fire Chief, the Commission shall have the primary responsibility for investigation and shall have the same authority and reporting requirements as outlined above.

CONFIDENTIALITY

All participants in a suspected 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 District from potential civil liability.

MEDIA ISSUES

Any person contacted by the media with respect to an investigation into suspected fraudulent activity shall refer the media to the Fire Chief. In the event the alleged fraudulent activity is against the Fire Chief, the media shall be referred to the Chairperson. The suspected fraud or audit investigation shall not be discussed with the media by any person other than through the Fire Chief,

in consultation with the Chairperson and other personnel as deemed appropriate. In the event the suspected fraud or audit investigation has to do with the Fire Chief, same shall not be discussed with the media by any person other than through the Chairperson, in consultation with other personnel the Commission deems appropriate.

SANCTIONS

• Employees, Supervisors and Appointed Officials

Employees, supervisors and appointed officials suspected of participating in fraudulent activity may be suspended without pay during the course of the investigation, in accordance with policies set by the District.

Employees, supervisors and appointed officials 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, supervisors and appointed officials 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 Fire Chief, the Commission, and other offices/personnel as deemed necessary or appropriate. If disciplinary action is warranted against the Fire Chief, such action will be taken after consultation between the Commission and other offices/personnel as deemed necessary or appropriate.

• Consultants, vendors, contractors, outside agencies, and/or any other parties having a business relationship with Landrum Area Fire and Rescue District

The relationship of individuals or entities associated with the District 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 Commission, Fire Chief and other appropriate personnel/offices will be consulted prior to the action being taken. Criminal or civil action may be taken against such individuals or entities.

Adopted by Landrum Fire and Rescue District Commission on October 25, 2021.