

New Castle County
Fraud, Waste, and Abuse Policy

STATEMENT FROM COUNTY AUDITOR AND COUNTY AUDIT COMMITTEE

The County Audit Committee and County Auditor's Office have zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action where warranted. All employees are responsible for reporting suspected instances of fraud, waste, and abuse in accordance with this Policy.

The County Administration is responsible for the effectiveness and efficiency of County Government operations, including the protection of County assets from fraud, waste, and abuse. The Administration has the primary responsibility for the implementation of internal controls to deter and detect fraud.

The County Auditor's Office is responsible for assisting in the deterrence and detection of fraud, waste, and abuse in Government by examining and evaluating the adequacy and the effectiveness of the County's systems of internal control, commensurate with the extent of the potential risk in the various segments of the County's organization. The County Auditor's Office has primary responsibility for the investigation of fraudulent acts committed by or against the County Government.

To provide employees and citizens with a confidential, secure means to report suspected fraud, waste, and abuse in County Government, the County Audit Committee and County Auditor's Office have established a Fraud, Waste, and Abuse Referral System. The County Auditor has retained an outside company, EthicsPoint Inc., to administer the system. See the below definitions of "fraud", "waste", and "abuse." "Waste" and "abuse" are not necessarily fraudulent acts but, depending upon the circumstances, they could be.

SCOPE

This policy applies to all County employees. The provisions of this policy apply to any instance of fraud, waste, or abuse involving not only employees, but also external organizations doing business with the County and volunteers at County-sponsored events.

COMMITMENT TO CONFIDENTIALITY AND ANONYMITY

Through the EthicsPoint independent service, your anonymity is assured. When you report, please remember the following concerning confidentiality and anonymity:

- Even if you report anonymously, once the report has been filed and the investigation begins, your co-workers or others who are familiar with the situation you are reporting may still be able to guess your identity.
- Whether you report anonymously or not, the County Auditor's Office will treat your report confidentially.

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- It is not possible to guarantee absolute confidentiality in all circumstances. Disclosure to others inside or outside New Castle County may be required by law in certain cases.

Please do not let these possibilities discourage you from reporting an incident.

WHISTLEBLOWER PROTECTION

Retaliation against an employee who in good faith filed a report of alleged fraud, waste, or abuse, or who participated in an investigation, is a violation of this Policy. Such “whistleblower protection” is granted via Delaware State Law under Title 9, Chapter 17.

DEFINITIONS OF FRAUD, WASTE, AND ABUSE

Fraud

The American Institute of Certified Public Accountants (AICPA) defines two basic categories of fraud: intentional misstatement of financial information and misappropriation of assets (or theft). Other audit-related organizations provide additional insight into the definition of fraud that can be summarized as follows:

Fraud consists of an illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity).

Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny – each with its own specific legal definition and required criteria – each of which can result in severe penalties and a criminal record.

Waste

“Waste” means the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the County to the detriment or potential detriment of the County. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud”, but it could.

Abuse

“Abuse” means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the County; or extravagant or excessive use so as to abuse one’s position or authority. “Abuse” does not necessarily lead to an allegation of “fraud”, but it could.

Examples of fraud, waste, and abuse activities include, but are not limited to:

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- Forgery or alteration of documents (checks, contracts, purchase orders, invoices, time sheets, leave records, etc.).
- Misrepresentation of information on documents (employment history, time sheets, leave records, travel reimbursement requests, financial records, etc.).
- Theft, unauthorized removal, or willful destruction of County records, County property, or the property of other persons (to include the property of employees, customers, or visitors).
- Misappropriation of funds, equipment, supplies, or any other asset.
- Improprieties in the handling and reporting of financial transactions.
- Serious abuse of County time such as unauthorized time away from work, falsification of work hours reported, or excessive use of County time for personal business.
- Authorizing or receiving payments for goods not received or services not performed.
- Vendor kickbacks.
- Authorizing or receiving payment for hours not worked.
- Misuse of authority for personal gain.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes.
- Inappropriate use of County-provided electronic devices such as computers, PDAs, cell phones, pagers, or e-mail.

RESPONSIBILITIES

Employees

Any County employee who has knowledge of fraud, waste, or abuse, or who has good reason to suspect that such conduct has occurred, shall adhere to the procedures in this Policy.

When suspected fraudulent activity, waste, or abuse is observed by, or made known to, an employee, the employee shall immediately report the activity to his/her direct supervisor. If the employee believes that the supervisor is involved with the activity, he/she shall immediately report the activity to the supervisor's manager as well as the General Manager of the Department/Office. If the employee believes that the supervisor's manager and/or the General Manager may be involved with the activity, the employee shall either contact the County Auditor directly or file a report via the Fraud, Waste, and Abuse Referral System (also known as the Fraud, Waste, and Abuse Hotline). See section of Policy titled "Filing a Report."

The employee shall not make any attempt to investigate the suspected activity prior to reporting it. The County Auditor's Office shall coordinate investigations of fraud, waste, or abuse.

An employee shall not destroy, or allow to be destroyed, any document or record of any kind that the employee knows may be relevant to a past, present, or future investigation

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of fraud, waste, or abuse.

Citizens and Customers

The County Auditor's Office cannot compel citizens and customers (non-employees) to report suspected instances of fraud, waste, or abuse. However, the County Auditor's Office strongly encourages them to do so.

Management's Responsibilities

Once management has been informed of suspected fraud, waste, or abuse (or if management itself suspects fraud, waste, or abuse), management shall either contact the County Auditor directly or file a report via the Fraud, Waste, and Abuse Referral System (also known as the Fraud, Waste, and Abuse Hotline). See section of Policy titled "Filing a Report."

County Auditor's Office Responsibilities

The County Auditor's Office will coordinate the Fraud, Waste, and Abuse Referral System. The County Auditor will receive all reports and initiate and coordinate all investigations. When the County Auditor's Office receives a report from EthicsPoint, the Office will review the report and determine if it has any follow-up questions for the person who filed the report. If so, the County Auditor's Office will provide these to EthicsPoint within five business days of the receipt of the report. The person filing the report may follow up on the status of the report by accessing EthicsPoint by either internet or phone.

To the extent allowed by law, the County Auditor (and any assistants working for him, if applicable) will review relevant information in a confidential and professional manner, and will conduct a prompt preliminary investigation of the alleged activity. The preliminary investigation may include employee interviews and analyses of available records. A full investigation will follow if evidence indicates possible fraud, waste, and/or abuse.

The County Auditor's Office shall be given unlimited and unrestricted access to all books, records, property (including desks and computers), and personnel during such investigations. Once an investigation is undertaken, the County Auditor's Office will take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions may include, but are not limited to, limiting access to the location where the records currently exist, preventing the individual(s) who is the subject of the investigation from having access to the records, and/or taking actual possession of such records.

Once the County Auditor's Office has sufficient, competent evidence that there is indeed an unauthorized, illegal, irregular or unsound practice that could (or already has) affect the County Government, the County Auditor is required under State Statute to report the matter to the County Council, the County Executive, the Chief Administrative Officer,

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and the Audit Committee. If a member of Council, the County Executive, or the Chief Administrative Officer is believed to be a party to the matter, the County Auditor will report the matter directly to the Audit Committee. If it appears that the matter is criminal in nature, the County Auditor will immediately report it to the County Attorney in addition to those previously cited. The County Auditor and County Attorney will then advise other departments/agencies as necessary (e.g., Police Department, State Attorney General’s Office, Human Resources).

FILING A REPORT

General

Please keep the following in mind when reporting via the hotline:

- If possible, report the issue to your supervisor or manager first.
- You must be able to provide adequate information to support an investigation. Mere speculation does not suffice.
- Your report must be made in good faith. An employee who knowingly makes a false or bad faith complaint will be subject to disciplinary and/or legal action.
- DO NOT USE THE HOTLINE TO FILE REPORTS FOR VIOLATION TYPES NOT LISTED IN THE CHOICES PROVIDED.

How to File a Report

The hotline, administered by EthicsPoint Inc., is designed to maintain your confidentiality and anonymity. The following step-by-step instructions will guide you through the processes available to submit a report:

Step 1: Ways to report:

Use any **one** of these three convenient channels of communication:

County Network	Public Internet	Toll-Free Phone
Click on link provided on the County’s internet or intranet site. You will automatically be connected to the EthicsPoint secure landing page for New Castle County.	From any computer having Internet access (home, public library, neighbor, etc.), go to www.ethicspoint.com and click on “File a new report.” Then type in the “location” as “New Castle County.” You will be connected to the EthicsPoint secure landing page for New Castle County.	Call the EthicsPoint toll-free hotline at 1-888-279-5286. An intake specialist will assist you with preparing a report.

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Step 2: Complete a Report:

Following the on-screen or intake specialist's instructions, perform the following steps:

1. Specify what kind of report you'd like to make from the available choices.
2. Identify the location to which your report relates. If you choose not to disclose it, you have the option of skipping the location selection.
3. You will now complete the report, providing information about the incident, including:
 - a. Who: persons engaged in the incident, including titles;
 - b. What: what specifically occurred; and
 - c. When: the time and duration of the incident.
4. Read or listen to the anonymity information very carefully. Confirm whether or not you wish to remain anonymous. Please note that investigating your concern will be easier, and the County Auditor's Office may be able to perform a more comprehensive investigation, if you provide your identity and how you may be reached. The County Auditor's Office will make every attempt to keep your identity confidential.
5. Next, you will be asked to create a password. The system will generate an identification code called a "Report Key." **Write them both down and keep them in a safe place. You will need them to follow up later, or if you ever want to review or amend your report. Please note that if you lose your report key and/or password, they cannot be recovered and you will have to file a new report.**

Step 3: Follow-Up:

Five business days after you complete your report, please return to the hotline to see if the County Auditor's Office has any follow-up questions or requests.

1. Reconnect with the hotline using any of the three channels of communication: **County Internet or Intranet, Public Internet, or Toll-Free Phone.**
2. Click on (or ask to perform)"Follow up on an existing report."
3. Provide your Report Key and Password.
4. You can now elect to review report details, respond to questions, and add information.
 - a. To review your report, just click "Review Report Details" or ask the intake specialist.

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- b. You will be told if the County Auditor's Office has entered questions about your report. Answer the questions verbally or by typing in the question boxes and click "Submit."
 - c. You can add information to the report verbally or by using the "Submit New Information" box.
5. When you first return to the hotline, you may see an invitation from the County Auditor's Office to participate in an "EthicsChat." If you agree to participate in an EthicsChat, you will need to return to the hotline at the specified time and click "Join a Chat." The County Auditor's Office will type questions/comments into the report, which you will be able to see on your screen. Type your responses/comments into the field at the bottom of the window and click "Submit." *(An EthicsChat is a real-time communication between you and a representative from the County Auditor's Office to clarify details and answer questions. Like the rest of the EthicsPoint system, it is confidential and anonymous.)*
6. You should return regularly to review your report, answer questions, and add information.