

CHAPTER 1 - ADMINISTRATIVE**Subject: Fraud Policy****A.R. 130**
Issue Date: Nov. 1, 1993
Revised: Sept. 17, 2003
Sept. 6, 2017
Page (1) of (5)**Purpose**

The purpose of the Fraud Policy is to provide guidance to employees when fraud, waste, or abuse of authority and/or position is known or suspected. The City of Anaheim is committed to the highest standard of transparency, honesty, and accountability in carrying out its duties. This commitment protects its revenue, property, and other assets for efficient and effective service to the public.

This policy applies to any known or suspected fraud, waste, or abuse of authority and/or position involving City of Anaheim officials, all City employees, and all vendors, consultants, contractors, outside agencies, and/or any other parties with a business relationship to the City of Anaheim. For purposes of this policy, fraud, waste, and abuse of authority and/or position are defined as follows:

Term	Definition	Examples
Fraud	Any intentional act or omission designed to deceive others, resulting in the injured party (City of Anaheim) suffering a loss and/or the perpetrator achieving a gain.	<ul style="list-style-type: none">• Falsifying financial records to conceal the theft of money or City property.• Theft or misuse of City money, equipment, supplies, and/or other materials.• Soliciting or accepting a bribe or kickback.• Falsifying payroll information, e.g. inaccurate time card submissions attesting to hours worked that were not actually worked.• Forgery or intentional and inappropriate alteration of any document or account of the City, or its affiliates.
Waste	The intentional or unintentional expenditure, consumption, mismanagement, use, or squandering of City resources.	<ul style="list-style-type: none">• Unnecessary and/or excessive spending of City funds to purchase services, supplies or equipment.

Abuse of Authority and/or Position	Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of City resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or non-financial settings.	<ul style="list-style-type: none"> • Failure to report damage to City equipment or property. • Receiving favor for awarding contracts to certain vendors. • Creating unneeded overtime. • Travel choices that are contrary to existing travel policies. • Making procurement or vendor selections that are contrary to existing policies. • Destruction of furniture, fixtures, equipment, property, or records. • Using City equipment such as computers or cell phones for personal business beyond a de minimis/negligible amount.
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Employees who are unsure as to whether a particular action constitutes fraud, waste, or abuse of authority and/or position are advised to contact the Audit Manager for guidance or refer to the City's Fraud Hotline website at Anaheim.net/fraudhotline.

Procedures

Reporting Procedure

Great care must be taken in the investigation of suspected fraud, waste, or abuse of authority and/or position to avoid mistaken accusations or alerting suspected individuals that an investigation is underway. Employees, supervisors, and managers should not personally attempt to conduct investigations, investigative interviews, or interrogations.

An employee who discovers or suspects activity constituting fraud, waste, or abuse should immediately report it to any of the following:

- His/her Department Head;
- Internal Audit Manager;
- City Manager (if the Department Head is the subject of the report);
- Human Resources Director; or
- The Fraud Hotline via:

Telephone Hotline Reporting through which one may anonymously make an audio report by calling the toll free hotline at (844) 701-5974

Online Web Intake Reporting through which one may anonymously make a report by filling out an online form at Anaheim.net/fraudhotline

Identification is voluntary. Employees reporting via telephone or web may choose to identify him/herself in order to provide a means by which to contact him/her, if there are additional questions.

Employees are not required to follow the "chain of command" when reporting potential fraud, and should report concerns to any of the abovementioned to ensure a proper review and investigation are conducted.

All supervisors and managers are required to report alleged fraud, waste, and abuse of authority and/or position, whether it is in or outside their department, to any of the individuals or reporting mechanisms listed above.

Any employee reporting alleged fraud, waste, or abuse is protected from retaliation per Administration Regulation 243 – Harassment, Discrimination, and Retaliation. Should an employee, nonetheless, prefer to remain anonymous, he/she may report alleged fraud, waste, or abuse by means of the Fraud Hotline options noted above.

Sufficient detailed information is critical and needed to investigate complaints properly. The following information is important in order to follow up on reported concerns:

- Names of the individual(s) involved;
- What happened and why you think it is/was fraud, waste, or abuse;
- When and where the incident(s) happened;
- Names of any witnesses;
- The impacted operating department and the names of organizations or individuals involved; and
- Any documentation or other evidence you have or know of.

Investigation Responsibilities

Any recipient of a fraud report will coordinate an investigation with the Internal Audit Division and any other necessary agencies or authorities having jurisdiction, both internally and externally.

The City's Internal Audit Division has the primary responsibility for the receipt of all reports of suspected fraud, waste, or abuse of authority and/or position as defined in this policy. This includes the administration and oversight of the City's Fraud Hotline. Selected Internal Audit staff will evaluate each report and determine whether it has merit. Investigations will be coordinated with the Human Resources Director, City Attorney and other necessary agencies or authorities having jurisdiction. Great care must be taken in the investigation of suspected fraud to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

If the investigation substantiates that fraud, waste, or abuse of authority and/or position has occurred, Internal Audit in coordination with the applicable department head will issue a written memo or report to the City Manager, City Attorney, and Human Resources Director, and to the City Council, if deemed appropriate. Decisions to refer a report to the City's Police Department for criminal investigation will be made in conjunction with the Human Resources Director and City Attorney.

For complaints of fraud, waste, or abuse of authority and/or position involving the City Manager, City Attorney, City Treasurer or City Clerk, the Mayor and/or City Council will be notified. The Mayor and/or City Council are responsible for determining further action on any complaints involving the City Manager, City Attorney, City Treasurer or City Clerk.

If an investigation does not substantiate that fraud, waste, or abuse has occurred, the Audit Division shall retain the confidential complaint and investigation documents for a period of up to five (5) years. To the extent possible, the identity of an individual(s) alleging fraud, waste, or abuse, as well as the identity of the individual(s) alleged to have committed such acts, will be kept confidential.

Any investigative activity required will be conducted in compliance with City policies and in an impartial manner, without regard to the suspected wrongdoer's length of service, position/title, or relationship to the City.

Receipt of Fraud Hotline Submissions

The Fraud Hotline offers city employees, contractors, residents and others a way to report suspected fraud, waste and abuse on an around the clock/365 days a year basis. The Internal Audit Division is responsible for administering and receiving all of the reports/submissions submitted through the Fraud Hotline. Upon receipt of a complaint via either the telephone hotline or the online reporting form, the Internal Audit Manager will determine who to assign the investigation; coordinate a response with appropriate personnel; and/or direct the complainant to the appropriate department or organization, as specified below. Generally, the Internal Audit Division will lead the investigation of all potential fraud, waste, and abuse of authority and/or position cases in coordination with Human Resources Department and other authorities as deemed necessary, except as otherwise noted.

It is anticipated that occasional complaints may be received through the hotline that do not involve fraud, waste, or abuse of authority and/or position. These complaints will be referred to the appropriate operating department as detailed below:

- Complaints regarding discrimination, harassment, or employee grievances will be referred to the Human Resources Director, Employee Relations Division.
- City safety issues or concerns regarding environmental, health, or safety laws will be referred to the Human Resources Department, Risk Management Division.
- Code violations, graffiti complaints, or parking issues will be referred to the Planning Department, Code Enforcement Division.
- Electricity or water theft, customer fraud, or other utilities complaints will be referred to the Public Utilities Department.
- City campaign and lobbying violations will be referred to the City Clerk's Office.
- Litigation matters involving the City will be referred to the City Attorney's Office.
- Complaints related to criminal activities will be referred to the Anaheim Police Department.
- Potential housing fraud or complaints regarding housing will be referred to the Community Development Department, Housing Authority.
- For all other complaints, the Internal Audit Manager, Human Resources Director, and City Attorney will jointly decide what type of coordination is needed and who will lead the investigation.

Decisions to prosecute or turn matters over to appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the Human Resources Director, City Attorney and Executive Management. It should be assumed that the City intends to take aggressive action when fraud has been confirmed.

Confidentiality

Participants, witnesses, complainants, subjects, and any other individual aware of a pending investigation shall treat all information received confidentially. Investigation results will not be disclosed or discussed with anyone other than those persons associated with the investigation who have a legitimate need to know in order to perform their duties and responsibilities, except as otherwise required by law. To the fullest extent possible, the identity of individuals involved in an investigation including the identity of an individual alleging fraud or waste and the identity of an individual alleged to have committed fraud or waste will be protected and will remain confidential.

Disciplinary Actions

Department management is responsible for discipline of employees in consultation with the Human Resources Department and the City Attorney. Employees who have committed fraud, waste, or abuse of authority and/or position will be subject to disciplinary action up to and including termination of employment. Such disciplinary actions and proceedings will be determined by the Human Resources Director, the City Attorney, and, if necessary, by outside counsel retained by the City.

Responsibility

The Internal Audit Manager is responsible for the administration, interpretation, and application of this policy. All employees are responsible for reporting any suspected fraud, waste, or abuse of authority and/or position to the Internal Audit Manager. In addition, management employees are responsible for ensuring procedures and protocols are in place to reduce the potential for fraud, waste, or abuse of authority and/or position in their area of responsibility. Supervisors and managers should review this policy with employees at least annually and demonstrate proactive measures to identify and prevent fraud, including being familiar with the types of improprieties that might occur within their area of responsibility and remaining vigilant for any indications of fraud, waste, or abuse of authority and/or position.

Attachments None