

**VILLAGE OF CHAGRIN FALLS
ADMINISTRATION AND COMPENSATION COMMITTEE
October 12, 2020**

Members present: Wyville, DeBernardo
Also present: Mayor Tomko, Bloom, Jamieson, Grube

The virtual meeting was called to order at 6:15 p.m. by Chairman Darren Wyville.

EMPLOYEE MANUAL AND FRAUD POLICY

The committee reviewed and discussed the Fraud Policy draft. The suggested revisions will be sent to Mr. Markowitz.

The meeting adjourned at 6:50 p.m.

Darren Wyville, Chairman
lgb

Village of Chagrin Falls

July 22, 2020

Dear Employee:

Chagrin Falls, like any other governmental agency, is subject to the possibility of irregularities in the handling of money either in the form of cash receipts or cash disbursements, purchasing contracts, agreements, payroll, inventory, equipment and proprietary and/or confidential information. We must be prepared to manage these risks and their potential impact in a professional manner. It is important that any such possible problem be identified and investigated promptly.

In today's economic reality we must be vigilant to protect the public funds that we deal with and trust and maintain the residents reliance upon our honesty, integrity and competency. The impact of financial misconduct and dishonesty may include, but is not limited to:

- The actual financial loss incurred
- Damage to the Village's reputation and that of our fine employees
- Negative publicity
- Cost of forensic investigation
- Loss of employees
- Loss of customers
- Damaged relationships with residents and vendors
- Litigation

Our goal is to establish and maintain a governmental environment of fairness, ethics, and honesty for our employees, residents, suppliers and vendors-everyone that we have a relationship with. To maintain such an environment requires the active assistance of every employee every day.

The Village is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted, and the full recovery of all Village assets.

The purpose of the Chagrin Falls Fraud Policy is to communicate organizational policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others and to provide specific instructions regarding appropriate action in case of suspected violations.

This Fraud Policy covers all employees, officers, members of Council, members of Boards and Commissions, and suppliers and vendors.

Together, all of us have a fiduciary duty and a responsibility to report any concerns about suspected fraudulent activity.

We urge all of you to be alert of any suspicious activity and to report such in conjunction with the Fraud Policy. Retaliation and retribution will not be tolerated against any employee, supplier or vendor who reports suspected fraudulent or corrupt activities. However, if any employee is determined to have acted maliciously or with deceit when reporting an allegation, the employee will be subject to disciplinary action. All reports will be taken seriously.

Suspected criminal acts include, but are not limited to, such things as:

- Forgery or alteration of any Village documents;
- Forgery or alteration of checks, notes, or any investments;
- Any misappropriation of funds, supplies, inventory, equipment, or any asset;
- Any personal expenses paid with Village funds;
- Unauthorized use of any Village assets including but not limited to Village charge cards;
- Receiving any cash or gratuity from a vendor or supplier;
- Any irregularity in the handling or reporting of money transactions, and the disappearance of furniture, fixtures, computers and equipment.

Today, we ask you to join with the Village Government and take an active and an aggressive stand against fraud and dishonesty. While a Fraud Policy is a good first step, **the best of intentions alone cannot prevent fraud from occurring. We need your help.** We both thank you in advance for your vigilance in adhering to the highest of ethical standards as such will enable the Village to remain successful in how we serve our residents and businesses.

Sincerely,

Mayor William Tomko

Robert Jamieson, Chief Administrative Officer

FRAUD POLICY

<p>BACKGROUND</p>	<p>The Village of Chagrin Falls has a commitment to high legal, ethical and moral standards. All employees are expected to share this commitment. This policy is established to facilitate the development of procedures and controls which will aid in the detection and prevention of fraud against the Village.</p>
<p>SCOPE OF POLICY</p>	<p>This policy applies to any fraud, or suspected fraud, involving employees as well as officers, consultants, vendors, suppliers, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Village of Chagrin Falls.</p> <p>Any investigative activity required will be conducted without regard to suspected wrongdoer's length of service, position/title, or relationship to the Village.</p>
<p>POLICY</p>	<p>The Administration is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the Administration team will be familiar with the type of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.</p> <p>Any fraud that is detected or suspected must be reported immediately to the Chief of Police or Village Law Director. You can remain anonymous and your call will be kept strictly confidential</p>
<p>ACTIONS CONSTITUTING FRAUD</p>	<p>The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:</p> <ul style="list-style-type: none"> • Any dishonest or fraudulent act • 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 • Profiteering as a result of insider knowledge of Village activities

<p>ACTIONS CONSTITUTING FRAUD (continued)</p>	<ul style="list-style-type: none"> • Disclosing confidential and proprietary information to any outside parties including vendors or suppliers • Disclosing to other persons securities activities engaged in or contemplated by the Village • Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Village • Timecards/keeping manipulation • Stealing or “unauthorized borrowing” of any Village assets • Use of Village assets for any personal value without the Mayor or Chief Administrative Officer’s written approval, or in the case of the Police Department, the approval of the Chief of Police • Unauthorized loans or monetary advances or exchanges checks for cash • Destruction, removal or inappropriate use of records, furniture, fixtures, inventory, equipment, and scrap; and/or • Any similar or related inappropriate behavior
<p>OTHER INAPPROPRIATE CONDUCT</p>	<p>Suspected improprieties concerning an employee’s moral, ethical, or behavioral conduct should be resolved by departmental management.</p> <p>If there is any question as to whether an action constitutes fraud, or criminal conduct, please contact the Chief of Police or Village Law Director.</p>
<p>INVESTIGATION RESPONSIBILITIES</p>	<p>The Mayor and/or Chief Administrative Officer have the primary responsibility for coordinating and investigation of any and all suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, the Law Director and Chief of Police will be notified.</p> <p>Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel as will final decisions on disposition of the case.</p>
<p>CONFIDENTIALITY</p> <p>CONFIDENTIALITY</p>	<p>All information received will be kept strictly confidential. Any employee who suspects dishonest or fraudulent activity should notify the Chief of Police or Law Director of the Village immediately and should not attempt to personally conduct an investigation or interview anyone related to any suspected fraudulent act.</p>

(continued)	Investigation results will not be discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Village from potential civil liability.
AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD	<p>Members of the Investigation Team will have:</p> <ul style="list-style-type: none"> • Access to all Villages records and premises, unless it violates policies of the Police Department or ordinances, laws, regulations, and rules of government agencies, including the Village; and • The authority to examine, copy, and/or remove all or any portion of file contents or electronic and paper 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.
REPORTING PROCEDURES	<p>Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.</p> <p>An employee who discovers or suspects fraudulent activity should contact the Chief of Police or Village Law Director immediately. The employee or other complainant may remain anonymous. All inquiries concerning any activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Chief of Police or Village Law Director. No information concerning the status of an investigation will be given out. The proper response to any inquiries is “I am not at liberty to discuss this matter”.</p> <p>Under no circumstances should any reference be made to the alleged act.</p> <p>The reporting individual should be informed of the following:</p> <ul style="list-style-type: none"> • Do not contact the suspected individual in an effort to determine facts or demand restitution • Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by an authorized member of the Investigation Team or the Law Director

<p>TERMINATION, RESTITUTION AND CRIMINAL PROSECUTION</p>	<p>If an investigation results in a recommendation to terminate an individual the recommendation will be reviewed for approval by the Mayor and/or Chief Administrative Officer and, if necessary, the Law Director and where appropriate by outside legal counsel, before any such action is taken.</p> <p>The Village of Chagrin Falls take acts of reported fraudulent activity very seriously. Anyone suspected of purporting a fraudulent act will be investigated accordingly.</p> <p>The Village of Chagrin Falls will prosecute all offenders criminally as well as civilly and will make every conceivable attempt to fully recover any funds or assets that have been misappropriated.</p>
<p>ADMINISTRATION</p>	<p>The Mayor and the Chief Administrative Officer are responsible for the administration, revision interpretation, and application of this policy. The policy will be reviewed annually by the Mayor, Chief Administrative Officer and the Village Council and revised as needed.</p>

EMPLOYEE ACKNOWLEDGEMENT

My signature signifies that I have read this policy and further that I understand my responsibilities related to the prevention, detection and reporting of any suspected financial misconduct, fraud and/or general dishonesty.

I further acknowledge that I have not committed any of the aforementioned fraudulent acts nor am I aware of any past activity by any employee or contractor (past or present) that would require disclosure under this fraud policy or any other existing Village policies discussed in any Employee Handbook.

Signature _____

Print Name _____

Date Signed _____



VILLAGE OF CHAGRIN FALLS
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Auditor of State's Fraud Reporting -System

The Ohio Auditor of State's office maintains a system for the reporting of fraud, including misuse of public money by any official or office. The system allows all Ohio citizens, including public employees, the opportunity to make anonymous complaints through a toll free number, the Auditor of State's website, or through the Unites States mail.

Auditor of State's Fraud Contact Information:

Telephone: 1-866-FRAUD OH (1-866-372-8364)

US Mail: Ohio Auditor of State's Office
Special Investigations Unit
88 East Broad Street
P.O. BOX 1140
Columbus, Ohio 43215

Web: www.ohioauditor.gov



Dave Yost • Auditor of State

Bulletin 2012-003

Auditor of State Bulletin

Date Re-Issued: April 4, 2012

TO: All Public Offices
Community Schools

FROM: Dave Yost, Ohio Auditor of State

SUBJECT: House Bill 66 - Fraud Hotline

In 2003, then Auditor of State Betty Montgomery created the Auditor of State's fraud hotline. The hotline was established as a way for all Ohioans to report potential fraud throughout government. Since its inception, not a week passes without the Auditor of State's office receiving tips or complaints.

Recently passed legislation House Bill 66 (HB 66) makes several changes to the Auditor of State's fraud hotline. The bill requires the Auditor of State to maintain a system for the reporting of fraud, including misuse of public money by any public official or office. The system allows all Ohio citizens the opportunity to make anonymous complaints through a toll-free telephone number, the Auditor of State's website, or through the United States' mail.

The Auditor of State is required to keep a log of all complaints filed. The log is a public record under Section 149.43 of the Revised Code and must contain the following: the date the complaint was received, a general description of the nature of the complaint, the name of the public office or agency with regard to which the complaint is directed, and a general description of the status of the review by the Auditor's office. Information in the log may be redacted if Section 149.43 of the Revised Code or another statute provides an applicable exemption. During the course of Auditor of State investigations, information will be redacted pursuant to Section 149.43(A)(2) in order to conduct thorough investigations.

The new legislation also has a direct impact on all public employers. On the bill's effective date, May 4, 2012, public offices, including community schools, must make their employees aware of the fraud-reporting system. Public offices also must provide information about the fraud reporting system to all new hires. All new employees must confirm that they received this information within thirty days after beginning employment.

Section 117.103 requires the Auditor of State to confirm that public offices have so notified new employees. The statute provides two ways to verify compliance. First, public offices may require new employees to sign forms acknowledging the employees were notified of the fraud-reporting system. The Auditor of State has created a model form, which is appended to this Bulletin and may be found on the Auditor of State website. Alternatively, public offices may consider providing the fraud reporting system information in the employee manual for the public office. The employee should sign and verify the employee's receipt of such a manual. This option satisfies the bill's requirements on public employers.

Finally, the legislation also extends the current whistle-blower protections contained in Section 124.341 of the Revised Code to employees who file a complaint with the new fraud-reporting system. If a classified or unclassified employee becomes aware of a situation and reports it to the Auditor of State's fraud-reporting system, the employee is protected against certain retaliatory or disciplinary actions. If retaliatory or disciplinary action is taken against the employee, the employee has the right to appeal with the State Personnel Board of Review.

A handwritten signature in cursive script that reads "Dave Yost". The signature is written in black ink and is positioned above the printed name and title.

Dave Yost
Ohio Auditor of State