

Schenectady County Auditor's Office

Schenectady County Fraud, Waste, and Abuse Prevention Policy

Background/Purpose

Schenectady County recognizes the importance of protecting its taxpayer-funded programs and services from fraudulent, wasteful, and unethical activities. Therefore, it is incumbent upon the County Legislature and the County Manager to establish a Fraud, Waste, and Abuse Prevention Policy and to clearly communicate this policy to County employees, vendors, clients, and taxpayers.

This policy (1) defines fraud, waste, and abuse of county resources, (2) provides a framework for internal controls, and (3) defines management and employee responsibilities in preventing, detecting and reporting fraud, waste, and abuse.

Section A: Application of Policy

This policy applies to all departments and employees of Schenectady County government, as well as vendors, contractors, clients and partners of Schenectady County to the extent that county resources are involved or impacted. All County contracts or other written agreements for services must include and reference this policy.

Section B: Definitions of Fraud, Waste and Abuse

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include:

- Theft of funds (currency, checks, or other negotiable instruments).
- Falsification of expenses or invoices
- Unauthorized use or misuse of property, equipment, or records.
- Altercation or falsification of records.
- Theft or unauthorized removal of records or property.
- Willful destruction or damage of property or records.
- Neglecting or subverting job responsibilities in exchange for an actual or promised reward.
- Serious abuse of employee time (unauthorized time away from work or excessive use of work time for personal or outside business).
- Knowingly providing false information on job applications
- Knowingly providing false information on bids or requests for funding

Section C: Preventing and Detecting Fraud, Waste and Abuse

Schenectady County will establish and monitor internal controls, policies and procedures in an effort to prevent and detect fraud, waste and abuse of County resources.

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Management's Responsibilities:

Creating a Positive Work Environment

Management should strive to create a positive work environment which fosters loyalty, provides recognition, promotional opportunities, collaborative decision-making, and clear communication channels. When hiring new employees, criminal background checks should be performed and education, employment history, and personal references should be *verified*. All employees should be provided with training on the county's code of conduct (see below) and fraud prevention policies, procedures, and disciplinary actions. Annual performance reviews of management staff should specifically address ethics and fraud prevention goals.

Code of Conduct

County officials must set a tone of honesty and ethics in their departments. A Code of Conduct will be developed and communicated to all employees. The code should address the following:

- Illegal acts
- Conflicts of interest
- Confidentiality of information
- Fair dealing
- Protection and proper use of agency assets
- Related party transactions
- Compliance with laws, rules and regulations
- Enforcement/Monitoring

The Code of Conduct must consistent with Chapter 95 of the Laws of Schenectady County and be approved by the Schenectady County Board of Ethics. Any changes to the Code of Conduct must also be approved by the Board of Ethics.

Internal Control System

It is the responsibility of County management to develop and implement a system of internal controls. In developing this system, management must (1) identify and measure potential fraud risks, (2) mitigate existing fraud risks by changing activities and processes, (3) continuously monitor these controls at a department and county-wide level.

Oversight is provided through annual audits conducted by an independent auditor, as well as periodic audit and review by various state and federal agencies. In addition, the County Auditor also conducts audits and procedural reviews of selected departments/activities. Internal control recommendations resulting from internal, external or independent audits should be implemented by County management.

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Section D: Reporting Suspected Fraud

Employee Reporting Responsibilities:

Any employee who has knowledge of an occurrence of fraud, or has reason to suspect that a fraud has occurred, has a duty to immediately report this information to his/her supervisor. If the employee has reason to believe that their supervisor may be involved, the employee should notify their Department Head. If the employee has reason to suspect that the Department Head may also be involved then the employee should contact the County Manager. The County Manager will then notify the County Auditor. The employee shall not discuss the matter with anyone other than his/her supervisor, or the individual to which they have reported the suspected fraud.

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

Reports from External Sources:

Any outside reports of suspected fraudulent activity made by a vendor, external auditor, or other member of the public should be directed to the County Auditor. The County Auditor will notify the County Manager and investigate the matter.

Online Fraud Hotline:

The County will establish an online Fraud Reporting Form which can be accessed from the county website. This will be provided as a secure, confidential link which can be accessed only by the County Manager and the County Auditor.

Investigation of Reported Fraud:

Schenectady County recognizes a zero tolerance policy regarding fraud, waste and abuse of county and taxpayer resources and corruption. All matters raised by any source will be taken seriously and properly investigated.

Supervisors receiving notification of a suspected fraud should immediately report the suspected fraud to their Department Head, who will then immediately notify the County Manager who will notify the County Auditor. An audit and or investigation will be conducted and if necessary, the District Attorney or other law enforcement entity will be notified. If appropriate, the matter will also be referred to the Schenectady County Board of Ethics. The appropriate action (disciplinary, legal, etc) will be taken based on the outcome of the investigation. Any investigation resulting in the finding of fraud or abuse of County resources will be reported to the County Legislature.