

Synopsis: This City of St. Petersburg Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the City. It is the intent of the City of St. Petersburg to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and the conduct of investigations.

Policy:

1. The City of St. Petersburg is committed to preventing fraud and maintaining an environment in which internal controls can be established and improved to aid in the detection and prevention of fraudulent activities by City employees, contractors, vendors, citizens, and other agencies or entities that have a business relationship with the City.

2. a. **Fraud**
Fraud has been defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it for personal or organizational benefit. Fraud includes, but is not limited to; theft, disappearance, or destruction of any asset; misappropriation of funds, securities, supplies or any other asset; misrepresentation of information on documents; improprieties in the handling or reporting of money transactions; authorizing or receiving payments for goods not received or services not performed; forgery or alteration of documents; any apparent violation of Federal, State, or local laws related to dishonest activities or fraud; and any other similar or related activity.

- b. **Opportunities for Fraud**
Opportunities for fraud can occur because of the following reasons: poor internal controls, management override of internal controls, collusion between employees and third parties, poor or non-existent ethical standards, lack of control over employees by their supervisors/managers, and type of organization (some operations are high risk).

- c. **Fraud Prevention**
The following internal controls help prevent fraud: adherence to all organizational procedures, especially those concerning documentation and authorization of transactions; physical security over assets such as locking doors and restricting access to certain areas; proper training of employees; independent review and monitoring of tasks; segregation of duties so that no one employee is responsible for a transaction from start to finish; clear lines of authority; rotation of duties in positions more susceptible to fraud; enforcement of City of St. Petersburg Code of Ethics for City Employees - Administrative Policy #010405.

3. Management is responsible for establishing a system of internal control over its activities. It also has the primary responsibility for the detection and deterrence of fraud, misappropriations, and improper activity. Each manager should be familiar with the most common types of fraud schemes and the indicators of such within their own area(s) of responsibility. Moreover, each manager should be alert for any indication of wrongdoing.

4. Employees are subject to disciplinary action up to and including dismissal and/or legal prosecution as a result of participation in or commission of any fraudulent act, or for intentional false reporting or concealment of fraud.
5. Any employee who has knowledge of an occurrence of fraud, or has reason to suspect that a fraud has occurred, shall immediately report all known or suspected information to his or her supervisor, the Office of the City Auditor, or the Fraud Hotline. If the employee believes that the supervisor or management may be involved in the activity, the employee shall report the activity to the next highest level of management, the Office of the City Auditor, or the Fraud Hotline.
6. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the City.
7.
 - a. To report fraud to a supervisor, manager, Department Director, Administrator or Deputy Mayor, the information can be either verbal or written. Upon notification of a suspected fraud, the employee's Department Director should notify his or her Administrator or Deputy Mayor, who shall immediately contact the City Auditor.
 - b. To report fraud to the City Auditor, contact the Office of the City Auditor at 893-7721, come in person to the City Auditor's office at City Hall, send an email to the City Auditor, or mail the information in an envelope marked "confidential" to:

City Auditor
City of St. Petersburg
175 5th St. N.
St. Petersburg, FL 33701
 - c. To report fraud through the Fraud Hotline, you need either a phone or a computer. The City's Fraud Hotline is run by an independent, outside reporting firm, EthicsPoint, Inc. Anonymous, confidential reports may be made by calling 1-888-236-7053, or online at www.ethicspoint.com. It is recommended that reports not be made from a City phone or computer.
8. The Office of the City Auditor has responsibility over all internal auditing for the City of St. Petersburg. The City Auditor is available and receptive to receiving relevant information on a confidential basis to the extent allowed by law. All employees have the right to contact Audit services directly whenever a dishonest or fraudulent activity is suspected. The Office of the City Auditor has the expertise to conduct or assist in the investigation of fraud and fraud related matters. Upon receiving a notice of suspected fraud, the City Auditor shall notify the Mayor, City Administrator and the City Attorney. The City Auditor, City Administrator or Mayor shall determine to what extent the City Auditor's office are required for internal fraud investigations. It shall be determined at this level who shall conduct the investigation. If criminal activity is suspected, a determination shall be made regarding the notification of the proper law enforcement agency. The City Auditor has the ability to request assistance of the Police Department or engage external consultants as dictated by the nature of the allegation. The City Auditor shall coordinate the investigation and shall serve as the liaison between the Legal Department, Audit Services, other applicable City departments, and law enforcement agencies (if any).

9.
 - a. Once a suspected fraud is reported, department directors and supervisor/managerial employees shall be responsible for and take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records (including electronic records) and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. Further direction regarding security shall be provided as part of the investigatory process by the City Administrator, City Auditor and City Attorney.
 - b. Once a suspected fraud is reported, department directors and supervisor/managerial employees shall not contact the suspected individual to determine facts or demand restitution, unless requested to do so. Great care should be taken in dealing with suspected dishonest or fraudulent activities to avoid incorrect accusations, alerting suspected individuals that an investigation is underway, treating employees unfairly, or making statements that could lead to claims of false accusations or other offenses.
10. All employees shall cooperate with administrative and criminal investigations. Failure to cooperate with an investigation may subject the employee to disciplinary action, up to and including termination of employment. Employees involved in any way with such an investigation shall not discuss the matter with anyone without the express authorization of the Mayor, City Administrator, City Auditor, or the City Attorney, unless required by law.
11. Florida law protects employees who report alleged fraud or misconduct in good faith, or who participate in an investigation, proceeding or hearing, from retaliation or adverse personnel action. These protections are detailed in Sections 112.3187 – 112.31895 of the Florida Statutes.

Resource Documents: Personnel Management System Rules and Regulations; Florida State Statutes 112.3187 – 112.3185; Administrative Policy #010405.

Contact: Office of the City Auditor: Legal Department