

# **DORCHESTER COUNTY, MARYLAND**

## **Fiscal Policies and Procedures – Fraud, Waste & Abuse**

Adopted August 11, 2009

### SECTION I - INTRODUCTION

The County Council of Dorchester County, Maryland approved on August 11, 2009, by resolution, the following policy on fraud, waste & abuse.

### SECTION II - AUTHORITY AND DELEGATION

Article 25, Section 3 of the Annotated Code of Maryland authorizes the County Council to adopt by Resolution administrative acts. Pursuant to Resolution Number 467 of the County Council of Dorchester County, Maryland this policy shall supersede any previously adopted or practiced policy on fraud, waste & abuse.

### SECTION III - PURPOSE

The County Council of Dorchester County, Maryland is committed to maintaining an environment of fairness, ethics, and honesty for employees, County residents, our clients, our vendors, and anyone else with whom the County has a relationship. To maintain such an environment requires the active assistance of every official, department head, and employee.

The purpose of this document is to establish and communicate County policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees, elected officials, appointees, volunteers, and vendors and to provide specific instructions regarding appropriate action in case of suspected violations.

### SECTION IV - APPLICABILITY

This fiscal policy applies to all elected officials, departments, offices, agencies, boards, and commissions of Dorchester County, Maryland government unless otherwise excluded.

## SECTION V - EXCLUSIONS

None

## SECTION VI - POLICY

### 1. Definitions:

a) Fraud - A dishonest and intentional course of action that results in obtaining money, property, or an advantage to which the individual committing the action would not normally be entitled. Actions specifically included within the scope of this definition include, but are not limited to:

1. forgery or alteration of any document or account belonging to the County;
2. forgery or alteration of a check, bank draft, or any other financial document;
3. misappropriation of funds, securities, supplies, or other assets;
4. impropriety in the handling or reporting of money or financial transactions;
5. authorizing or receiving compensation for hours not worked.

b) Waste - The needless, careless, or extravagant expenditure of County funds, incurring of unnecessary expenses, or misuse of County resources or property.

c) Abuse - The intentionally wrongful or improper use of County resources that can include the excessive or improper use of one's position, in a manner contrary to its rightful or legally intended use. Actions specifically included within the scope of this definition include, but are not limited to:

1. Disclosing confidential information to outside parties;
2. accepting or seeking anything of material value from vendors, contractors, or other persons providing services/materials to the County;
3. destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.

### 2. County Provisions:

a) The County will fully investigate any suspected acts of fraud, abuse, misappropriation, or illegal acts. An objective and impartial investigation will be conducted regardless of the position, title, and

length of service or relationship with the County of any party who might be involved in or is the subject of such investigation.

- b) Each elected official and department manager is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud. Managers should be familiar with the types of improprieties that might occur within their area or responsibility and be alert for any indications of such conduct.
  - c) All employees and elected officials are required to act in accordance with Maryland Code.
  - d) The County Manager and Director of Finance are the County's co-designated compliance officers.
  - e) The Director of Finance, County Manager, or their designees have the primary responsibility for investigation of all activity as defined in this policy.
  - f) Depending on the severity of the situation, the County will contact the law enforcement agency having appropriate jurisdiction.
  - g) Upon conclusion of the investigation, the results will be reported and appropriate action will be taken.
  - h) The County will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the County's losses from the offender.
  - i) Each employee has an individual responsibility for reporting an occurrence of fraud, waste, abuse or violation of applicable laws.
  - j) The County will maintain the confidentiality, within the limits of the law, of the identity of any individual who in good faith reports possible misconduct.
  - k) The County Council will not tolerate any form of retaliation, sanctions, or discipline for anyone who reports a possible violation in good faith.
  - l) Any individual who deliberately makes a false accusation with the purpose of harming or retaliating against another colleague will be subject to disciplinary action, up to and including dismissal.
3. Procedures:
- a) Personal Obligation to Report - To obtain guidance on an ethics or compliance issue or to report a suspected violation, an employee shall choose from several options.
    - 1. It is good practice, if a person is comfortable under the circumstances, to raise concerns first with his/her immediate supervisor or department manager.

2. If this is uncomfortable or inappropriate to raise concerns first with your supervisor or manager, immediately notify the County Manager.
    3. If this is inappropriate, the employee must immediately notify the Director of Finance.
  - b) In order to permit a fair and complete investigation, the employee shall not discuss the matter with anyone other than his/her department manager, the County Manager, or the Director of Finance. The County's Director of Human Resources or County Attorney may be consulted during the investigation.
4. **Fraud Hotline:**  
The County Manager has implemented a confidential fraud, waste, or abuse reporting process to report any suspected wrongdoing. The hotline offers an anonymous method of reporting suspected fraud, waste or abuse.
5. **Department Head's Responsibility:**  
Upon notification from an employee of suspected fraud, waste or abuse or if the manager has reason to suspect fraud, waste or abuse, the manager should contact the County Manager. The department manager should not attempt to investigate the suspected fraud or to discuss the matter with anyone other than the County Manager.
6. **Investigation:**  
Upon notification from an employee or department manager of suspected violation of this policy, the Director of Finance and the County Manager will conduct an investigation, and if necessary:
  - a) Contact the Information Technology Department for cases involving computer equipment.
  - b) Contact the County Attorney.
  - c) Contact the Director of Human Resources.
  - d) Contact the external auditors.
  - e) Contact the appropriate law enforcement agency.
7. **Security of Evidence:**  
Once a suspected fraud is reported, the Director of Finance and/or County Manager shall 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, 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. The records must be adequately secured until the County Manager or investigating agency obtains the records to begin the investigation.

8. Non-Retaliation/Whistle-blower Protection:

Under federal and state law, employees who lawfully report fraud, waste or abuse are protected from retaliation. Whistle-blowing protection is intended to demonstrate in the clearest possible terms the absolute commitment of the County to the highest standards of ethics and compliance. That commitment permeates all levels of the organization. No person acting on behalf of the County shall retaliate against anyone who in good faith reports suspected fraud, waste or abuse, including:

- a) Dismiss or threaten to dismiss an employee; or
- b) Discipline, suspend, threaten to discipline or suspend an employee; or
- c) Impose a penalty upon an employee; or
- d) Intimidate or coerce an employee because the employee has acted in accordance with the requirements of the policy.

The violation of this section will result in discipline up to and including dismissal.

9. Corrective Action:

Where an internal investigation substantiates a reported violation, it is the policy of Dorchester County Government to initiate corrective action, including as appropriate, seeking prompt restitution of any overpayment amounts, notifying the appropriate governmental agency, instituting whatever disciplinary action is necessary, and implementing changes to prevent a similar violation from recurring in the future.

10. Discipline:

All violators of the Code of Conduct will be subject to disciplinary action. The precise discipline utilized will depend on the nature, severity, and frequency of the violation and may result in disciplinary actions, such as: Verbal Warning, Written Warning, Suspension or Termination.

11. Dorchester County, Maryland Code of Conduct:



## DORCHESTER COUNTY, MARYLAND

### CODE OF CONDUCT

The mission of Dorchester County Government is to provide high quality services to county residents in an efficient and cost effective manner. Citizens have repeatedly said that maintaining the quality of life in Dorchester County needs to be a top priority.

The services provided by local government are an important component of the quality of life in Dorchester County.

We accomplish our mission by emphasizing our shared values:

- **Honesty** - being forthcoming and truthful when we interact with others and ourselves.
- **Respect** - treating others with dignity and mutual consideration. It builds an environment that encourages individuals to relate openly and fulfill their potential.
- **Excellence** - the pursuit and achievement of exceptional quality
- **Integrity** - doing what is right, legally and morally, even though you might be able to do otherwise without detection.

**Tone at the Top:** The County Council, elected officials, and department heads must, at all times, comply with all applicable laws, regulations, and County policy. All business conduct should be well above the minimum standards required by law.

**Expectations:** The County Council expects officials, staff, and vendors to conduct themselves in a businesslike manner. The County Council will not condone the activities of individuals who violate the law including the Annotated Code of Maryland, or participate in unethical business dealings.

Use of alcohol or illegal drugs, acts of violence, use of vulgarity or similar unprofessional activities is strictly prohibited at the workplace. We will treat others with respect at all times. Staff must not engage in sexual harassment or conduct themselves in a way that could be construed as such.

The County Council believes effective disciplinary policy and procedures are necessary to assure the maintenance of an orderly, safe, and efficient County operation. Each department head and official is responsible to insure that staff understands what is required of them as well as the appropriate standards of conduct to be followed.

**Conflicts of Interest:** The County Council expects staff to perform their duties conscientiously, honestly, and in accordance with the best interests of the County and its residents. Staff must not use their position or the knowledge gained as a result of their position for private or personal advantage.

**Acceptance of Gifts:** The County Council will not permit the acceptance of gifts, services, money, or personal favors by staff from outside suppliers or providers of service.

**County's Funds and Assets:** Employees who have access to County's funds must follow the prescribed procedures for recording, handling, and protecting assets and money. When an employee's position requires spending County funds, that individual must use good judgment. We all have a responsibility to care for the County's assets.

**Records and Communications:** Accurate and reliable records are necessary to meet the County's legal and financial obligations and to manage the affairs of the County. The County's books and records must reflect, in an accurate and timely manner, all business transactions. The employees responsible for accounting and recordkeeping must fully disclose and record all assets, liabilities, and other financial information. Employees must not make or engage in any false record or communication of any kind, whether internal or external. It is illegal for any person to, among other things, knowingly present or cause to be presented to an official or employee of the federal or state government a false or fraudulent claim for payment.

**Dealing with Outside People and Organizations:** Everyone must take care to separate their personal roles from their County positions when communicating on matters not involving County business. Employees must not use County identification, stationary, supplies, and equipment for personal or political matters. When dealing with anyone outside the organization, employees must take care not to compromise the integrity or damage the reputation of either the County, or any outside individual, business or governmental body.

**Privacy and Confidentiality:** When handling financial and personal information (written or verbal) about clients, employees, or others with whom the County has dealings, it is the duty of each elected official, manager, and employee to ensure that private and/or confidential information is not disclosed without authorization and/or proper documentation.

**Reporting:** Everyone is responsible for reporting any evidence of fraud or illegal activity by any colleague, manager, or vendor. To obtain guidance on an ethics issue or to report suspected violation, you may choose from several options. Depending on the situation, you may raise concerns with your supervisor, the County Manager and/or Director of Finance. The County is committed to investigating all reported concerns promptly to the extent possible. The County will make every effort to maintain, within the limits of the law, the confidentiality of the identity of any individual who reports possible misconduct. The County Council will not tolerate any form of retaliation, sanctions, or discipline for anyone who reports a possible violation in good faith.

**Fraud Hotline:** The County Manager has implemented a fraud, waste or abuse reporting process to report any suspected wrongdoing.

I acknowledge receiving and reading the Dorchester County Government's *Code of Conduct*.

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Printed Name

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Signed

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Dated