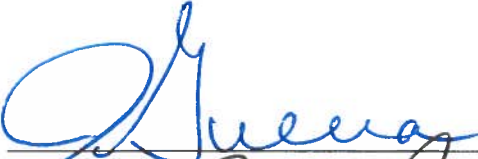
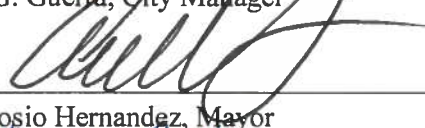


Policies and Procedures

Subject: Fraud Reporting **No.** _____

Effective: November 3, 2015

Approved:  _____ 11/18/15
Juan G. Guerra, City Manager Date

Approved:  _____ 11-17-15
Ambrosio Hernandez, Mayor Date

Approved:  _____ 11-17-15
Hilda Pedraza, City Secretary, attest Date

I. PURPOSE

The City of Pharr is committed to protecting its revenue, property, information, and other assets from any attempt to gain, by deceit, financial or other benefits at the expense of Pharr taxpayers.

The purpose of this policy is to identify fraud and/or misuse of City of Pharr revenue, property, information, or other assets, and to set forth specific guidelines and responsibilities regarding appropriate actions to prevent and/or respond to such incidents.

II. SCOPE

This policy applies to all employees of the City of Pharr.

III. DEFINITIONS

As used in this policy, the terms listed below shall have the following definition:

Abuse is intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss of misuse of resources.

Embezzlement is the act of dishonesty appropriating or secreting assets by one or more individuals to whom such assets have been entrusted.

Employee(s) refers to all City of Pharr employees.

Forgery is the creation of a false written document or alteration of a genuine one with the intent to defraud.

Fraud is the intentional misrepresentations or omission of facts for personal gain.

Impropriety is the failure to show due diligence in handling City of Pharr funds.

Misappropriation is the intentional, illegal use of the property or funds of another person for one's own use or other unauthorized purpose.

Waste is the loss or misuse of City of Pharr resources that result from deficient practices, system controls, or decisions.

IV. PROHIBITED ACTS

Fraud and misuse of City of Pharr revenue, property, information, or other assets is prohibited. Examples of fraud and other similar irregularities include, but are not limited to:

- A. Dishonesty or misrepresentation of facts;
- B. Embezzlement, misappropriation, or other financial misconduct;
- C. Forgery or alteration of checks, drafts, promissory notes, securities, purchase orders, contracts, or personnel and beneficiary documents;
- D. Any irregularity in the handling or reporting of money transactions or credit cards;
- E. Misappropriation of computers, furniture, fixtures, equipment or supplies or any asset belonging to the City;
- F. Seeking or accepting anything of material value from vendors, consultants, or contractors doing business with the City of Pharr in violation of the City of Pharr Purchasing Policy;
- G. Unauthorized use or misuse of City of Pharr property, equipment, time, fuel, materials, procurement card, credit cards, or records;
- H. Use or disclosure of confidential, privileged, or other protected information, not reasonably available to all persons or outside parties for private gain;
- I. Any computer related activity involving the alteration, destruction, forgery or manipulation or data for fraudulent purposes or misappropriation of City of Pharr owned software;
- J. Any claim for reimbursement of expenses that are not made for the exclusive benefit of the City of Pharr;
- K. Authorizing or receiving compensation for hours not worked;
- L. Inputting time in/out for another employee; and
- M. Any similar or related irregularity.

V. RESPONSIBILITY

City of Pharr management is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of fraud that might occur within their area of responsibility, be alert for indications of such conduct, and follow the prescribed reporting procedures in the event of a suspected or known violation of this policy

The City Manager, or designee, has the primary responsibility to investigate any suspected acts of fraud or other similar irregularity as defined in this policy. The City Manager will notify City Attorney of material reported allegations of fraudulent or irregular conduct prior to the commencement of the investigation.

In all circumstances, where there are reasonable grounds to indicate fraud may have occurred,

the City Manager, or designee, shall advise City Attorney who may coordinate the investigation with the appropriate law enforcement officials.

VI. COMPLAINT PROCEDURES

- A. Employees of the City of Pharr shall read and understand this policy. Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect fraud has occurred, shall immediately notify the City Manager, or designee or report the incident via email at report.fraud@Pharr-Tx.gov. The FRAUD HOTLINE telephone number **956-475-3499** and will be available to leave an anonymous message 24/7. The voice message will prompt you as to all the information that is needed to do a complete investigation. Upon receiving the fraud allegation, the City Manager, or designee shall document the allegation and conduct a preliminary investigation to determine the credibility of the reported allegation. In circumstances where there appears to be reasonable grounds for suspecting that a material fraud has taken place, the City Manager, or designee, will notify City Attorney and the Mayor.
- B. The Fraud Investigation manager, designated by the City Manager, will maintain a complete set of digital records of all investigations by department and by year.
- C. Upon conclusion of the investigation, all **Material Findings** will be reported to the City Commission.
- D. The City Manager and City Commission will determine the appropriate actions to be taken, including court-ordered restitution, and efforts to recover City of Pharr losses from the offender, or other relevant source(s).

VII. REPORTING

The City Manager will report significant investigation findings to City Attorney and the Mayor in written or verbal format. The City Manager will determine which investigation findings will be reported to the City Commission in an Investigation Report that has been reviewed by City Attorney. The City Manager will report to the City of Pharr External Auditors all significant information relating to investigations.

VIII. MEDIA REQUESTS

All fraud investigations and reports are considered internal audit work papers and are not subject to the Public Information Disclosure Act.

Employees contacted by the media with respect to an audit investigation shall refer the media to the City Manager. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager, or his designee, as appropriate, before responding to a media request for information or interview.

The City Manager will determine media messages and identify an appropriate spokesperson, as required.

IX. PREVENTION

The City of Pharr will maintain internal controls to protect the organization from loss or other damages as a result of a fraudulent act.

X. WHISTLEBLOWER PROTECTION

No City of Pharr employee or person acting on behalf of the City of Pharr shall dismiss or threaten to dismiss an employee; discipline or suspend or threaten to discipline or suspend an employee; impose any penalty upon any employee; or intimidate or coerce an employee because the employee has acted in accordance with the requirements of this policy. Any violation of this section shall result in disciplinary action up to and including termination of employment.

The whistle-blower protection does not apply to an employee reporting or complaining about a fraudulent activity that he/she is found to be involved in or part of.

XI. FALSE ALLEGATIONS

False allegations of suspected fraud with the intent to disrupt or cause harm to another shall be subject to disciplinary action.

XII. CONFIDENTIALITY

All investigations will be conducted in confidence insofar as reasonable possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.

XIII. CONSEQUENCES FOR VIOLATIONS OF THIS POLICY

If a suspicion of fraud or misuse of City of Pharr revenue, property, information, and other assets is substantiated by the investigation, appropriate action shall be taken by the City Manager, or designee. These actions may include, but are not limited to:

- A. Disciplinary action up to and including termination of employment;
- B. Requiring reimbursement to the City of Pharr, by the employee, for all losses, including investigation and legal expenses, to the fullest extent of the law;
- C. Forwarding information to the appropriate authorities for criminal prosecution;
- D. Institution of civil action to recover losses.

The City of Pharr may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct or misuse of City of Pharr revenue, property, information, and other assets.

Questions concerning the Fraud Reporting policy may be directed to the City Manager at (956)402-4100.

APPROVED BY
CITY COMMISSION

11-03-15