

Prevention of Fraud, Waste and Abuse Policies & Procedures



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Contents

Introduction	3
Scope	3
Commitment to Confidentiality and Anonymity.....	3
Whistle-Blower Protection	3
Definitions of Fraud, Waste and Abuse	4
Responsibilities	5
How to File a Report.....	6
Anti-Fraud, Waste and Abuse (AFWA) Prevention Measures	6

Introduction

The City of Atlantic Beach (City) Administration has zero tolerance for the commission or concealment of acts of fraud, waste and abuse. Any and all allegations of such acts will be investigated, and if founded, disciplinary action will take place up to and including termination.

The City Administration is responsible for the effectiveness and efficiency of the City's operations including the protection of the City's assets from fraud, waste, and abuse. Administration has the primary responsibility for the implementation of internal controls to deter and detect fraud.

See below for the definitions of "fraud", "waste", and "abuse". Waste and abuse are not necessarily fraudulent acts, but depending on the circumstances, they could be.

Scope

This policy applies to all City employees. The provisions of this Policy apply to any instance of fraud, waste, or abuse involving not only employees, but also external organizations doing business with the City and volunteers at City sponsored events. The City employee that is overseeing the City sponsored event is responsible for the volunteers.

Commitment to Confidentiality and Anonymity

When reporting fraud, waste and abuse, the City will make all reasonable efforts to respect the confidentiality of the employee making the disclosure as long as maintaining confidentiality does not interfere with conducting an investigation of the specific allegations, taking corrective action or in circumstances when:

- 1) The employee self-discloses his or her identity or other information related to the report directly or indirectly through his/her own actions outside of the office investigation process or agrees to be identified;
- 2) Identification is necessary to all City or law enforcement officials to investigate or respond to the report;
- 3) Identification is required by law;
- 4) Where findings are required to be reported to any outside agency or entity, findings will be timely reported.

Whistle-Blower Protection

Retaliation against an employee who in good faith filed a report of alleged fraud, waste or abuse, or who participated in an investigation is in violation of Section 112.3187 Florida Statutes and the Whistle-Blower Policy of the City of Atlantic Beach.

Definitions of Fraud, Waste and Abuse

Fraud – The American Institute of Certified Public Accountants (AICPA) defines two basic categories of “fraud”: intentional misstatement of financial information and misappropriation of assets (or theft).

Other audit-related organizations provide additional insight into the definition of fraud that can be summarized as follows: Fraud consists of an illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity).

Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny – each with its own specific legal definition and required criteria which can result in severe penalties and a criminal record.

Waste – Waste means the thoughtless or careless expenditure, consumption, mismanagement, us or squandering of resources owned or operated by the City to the detriment or potential detriment of the City. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems or controls.

Abuse – Abuse means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the City or extravagant or excessive use so as to abuse one’s position or authority.

Neither Waste nor Abuse necessarily leads to an allegation of Fraud, but it potentially could.

Examples of Fraud, Waste and Abuse activities include, but are not limited to, misrepresentation of:

- Income (Unreported or under-reported)
- Household composition
- Financial resources (transferred or hidden resources)
- Residency
- Citizenship status

Other types of fraud include, but are not limited to:

- Using another’s person’s identification
- Forging signatures or documents
- Concealing access to duplicate funding
- Misrepresenting a medical condition to obtain additional benefit
- Misusing funds (diverting them for an unintended use)
- Accepting or seeking anything of material value from contractors, vendors or any person that seeks a beneficial decision, contract, or action for CDBG-DR and CDBG-MIT activities
- Unnecessary cost or expenditures
- Diversion of program resources

- Forgery or alteration of documents (checks, contracts, purchase orders, invoices, time sheets, leave records, etc.)
- Misrepresentation or information on documents (employment history, time sheets, leave records, travel reimbursement requests, financial records, etc.)
- Theft, unauthorized removal, or willful destruction of City records, City property, or the property of persons (to include the property of employees, customers, citizens or visitors).
- Misappropriation of funds, equipment, supplies, or any other asset.
- Improprieties in the handling and reporting of financial transactions.
- Serious abuse of City time such as unauthorized time away from work, falsification of work hours reported, or excessive use of City time for personal business.
- Authorizing or receiving payment for goods not received or services not performed.
- Vendor kickbacks.
- Authorizing or receiving payment for hours not worked.
- Misuse of authority for personal gain.
- Any computer-related activity involving the alteration, destruction, forger, or manipulation of data for fraudulent purposes.
- Inappropriate use of City provided electronic devices such as computers, PDAs, cell phones or e-mail.

Responsibilities

Employees-Any City employee who has knowledge of fraud, waste or abuse, or who has good reason to suspect that such conduct has occurred, shall adhere to the procedures in this Policy. When suspected fraudulent activity, waste or abuse is observed by or made known to an employee, the employee shall immediately report the activity to the City Manager, this can occur anonymously. The employee must exercise sound judgement to avoid baseless allegations.

Employees found to have knowledge of a dishonest or fraudulent activity and who knowingly failed to report the activity will be subject to disciplinary action.

Citizens and Customers – The City cannot compel citizens and customers (non-employees) to report a suspected instance of fraud, waste or abuse, however, the City strongly encourages them to do so.

City Manager – The City Manager will investigate or delegate the investigation of fraud, waste or abuse allegations to a senior staff member or law enforcement. All City employees are expected to provide full cooperation to ensure a timely and thorough review or investigation of allegations.

Filing a Report

Please keep the following in mind when reporting suspected fraud, waste, or abuse.

- Report the issue to the Fraud, Waste and Abuse Hotline or email.
- You must be able to provide adequate information to support an investigation. Mere speculation does not suffice

- Your report must be in good faith. An employee who knowingly makes a false or bad faith complaint will be subject to disciplinary action and/or legal action

How to File a Report

- A report may be filed by calling the Fraud, Waste and Abuse Hotline (904) 247-5800 Ext. 5815
- Sub-Recipient constituents, employees, and contractors may report suspected fraud, waste or abuse by calling the Fraud, Waste and Abuse Hotline at (904) 247-5800, submitting information via the Report Fraud, Waste or Abuse e-mail at Fraud@coab.us; all contact information fields are optional to allow for anonymity.
- All suspected cases of fraud will be taken seriously, and complaints must be reported to OLTR's Compliance and Reporting Manager and DEO's Office of the Inspector General at OIG@deo.myflorida.com.
- If DEO's OIG determines that it is appropriate, it will coordinate its investigation with agencies such as the Florida Office of the Inspector General, the Florida Office of the Attorney General, or the Florida Department of Business and Professional Regulation.
- All substantiated cases of fraud, waste or abuse of government funds will be forwarded to the United States Department of Housing and Urban Development (HUD), Office of Inspector General (OIG).
- It is required that a timely response within 15-working days of the receipt of a complaint, as stated in 45838 Federal Register/Vol. 84, No. 169.

Anti-Fraud, Waste and Abuse (AFWA) Prevention Measures

The City of Atlantic Beach (COAB) policy establishes a Compliance and Reporting unit which will serve to ensure that their CDBG-MIT Grant Program complies with all Federal and State regulations as well as recommending improvements that enhance programmatic efficiency, effectiveness and documented results. COAB will accomplish compliance by:

- Conduct regular internal monitoring of the city's CDBG-MIT grant program(s) and reporting results to program and grant managers.
- provide oversight monitoring for CDBG-MIT contracted services
- Monitor for any duplication of benefits, anomalies, suspected fraud related to performance problems and any abuse of funds as stated in 5844 Federal Register/Vol.83, No. 28.
- Review risk level of all grant programs to determine frequency of monitoring, as stated in 5844 Federal Register/Vol. 83, No. 28
- Identify and assist with investigations of potential fraud, referring cases to DEO's OIG as appropriate
- Monitor internal financial management or programmatic oversight related to CDBG-MIT grant program activities and monitoring 5844 Federal Register/Vol.83, No. 28.