

**City of Tampa Personnel Manual**  
**B. Directives and Benefits**  
**B23.1 Fraud**

*Issue Date: 04/06/99*

**B23.1A. Policy**

1. Policy – The City of Tampa 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. Employees are subject to disciplinary action up to and including dismissal as a result of participation in or commission of any fraudulent act. Employees are subject to disciplinary action up to and including dismissal for intentional false reporting of fraud.
3. Definition – 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 benefit. Fraud includes theft, intentional waste or abuse of City funds, property or time. Specific examples are: theft of City funds; abuse of City time such as unauthorized time away from work or use of City time for personal business; unauthorized use or misuse of City property or records; falsification of records; theft or unauthorized removal of City records, City property or the property of other persons (to include the property of employees, citizens or the public); willful destruction or damage of City records, City property or the property of other persons (to include the property of employees, citizens or the public); and/or neglecting or subverting job responsibilities in exchange for an actual or promised reward.
4. Responsibility – Management is responsible for establishing a system of internal control over its activities. It is also responsible for the detection and prevention 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.
5. Opportunities for Fraud – Opportunities for fraud 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 supervisors by their managers, and type of organization (some operations are high risk).

6. Indicators of Fraud (Red Flags)

- a. The following are common indicators of fraud: changes in an employee's lifestyle, spending habits or behavior; poorly enforced internal controls, procedures, policies or security; overly complex and confusing financial information; inventory shortages; failure to take action on results of internal/external audits or reviews; unusually high expenses or purchases; frequent complaints from customers/citizens; missing files and supporting documentation; and ignored employee comments concerning possible fraud.
- b. Perpetrators of fraud typically live beyond their reasonably available means. Other indicators of fraud include: the borrowing of money from co-workers; collectors or creditors appearing at the work place; use of telephone to stall creditors; falsifying records; impeding access to records or information; working excessive overtime; refusing vacations; and excessively rewriting records under the guise of neatness.

7. Fraud Prevention – The following internal controls help prevent fraud:

- a. Adherence to all organizational procedures, especially those concerning documentation and authorization of transactions.
- b. Physical security over assets such as locking doors and restricting access to certain areas.
- c. Proper training of employees.
- d. Independent review and monitoring of tasks.
- e. Segregation of duties so that no one employee is responsible for a transaction from start to finish.
- f. Clear lines of authority.
- g. Enforcement of B23. Code of Ethics, Personnel Manual.
- h. Rotation of duties in positions more susceptible to fraud.

- i. Ensuring that employees take regular vacations.
  - j. Regular independent audits of areas susceptible to fraud.
8. Reporting Fraud
- a. All Employees – Any employee who has knowledge of an occurrence of fraud, or has reason to suspect that a fraud has occurred, shall immediately notify their supervisor. If the employee has reason to believe that the employee’s supervisor is involved, the employee shall report the suspected fraud to their department director. However, if the employee believes that the department director is involved in a fraud then they shall notify the Director of Administration directly.
  - b. Supervisor/ Managerial Employees – Upon notification from an employee of suspected fraud, or if the supervisor has reason to suspect that a fraud has occurred, the supervisor/ managerial employee shall immediately notify their department director. However, if the supervisor / managerial employee believes that the department director is involved in a fraud then they shall notify the Director of Administration directly.
  - c. Department Director – Upon notification from an employee, supervisor / managerial employee of a suspected fraud, or if the department director has reason to suspect that a fraud has occurred, the department director shall immediately contact the Director of Administration.
  - d. Director of Administration – Upon receiving a notice of suspected fraud, the Director of Administration shall notify the City Attorney and the Internal Audit Director. It shall be determined at this level who shall conduct the investigation. If criminal activity is discovered, a determination shall be made regarding the notification of the proper law enforcement agency. The Department of Administration shall coordinate the investigation and shall serve as the liaison between the Legal Department, Internal Audit, other applicable City departments, and law enforcement agencies (if any).
  - e. Internal Audit Director – The Internal Audit Department has responsibility over all internal auditing for the City of Tampa. Therefore, the Internal Audit Department has the expertise to conduct or assist in the investigation of fraud and fraud related matters. The Internal Audit Director shall determine to what extent that audit services are required for internal fraud investigations.

- f. City Attorney – The City Attorney shall be the controlling legal authority in conducting internal fraud related investigations.
- 9. All employees shall cooperate with administrative and criminal investigations. Employees shall not discuss the matter with anyone without the express authorization of the Director of Administration, Internal Audit Director, or the City Attorney, unless required by law.
- 10. 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 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 (see #8 d, e, and f).

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