Town of Fair Haven THE SLATE CENTER OF THE NATION • CHARTERED OCTOBER 27, 1779

FAX: 265-3176 • MUNICIPAL BUILDING • NORTH PARK PLACE • FAIR HAVEN, VERMONT 05743 • TEL. (802) 265-3010

FRAUD PREVENTION POLICY

PURPOSE. This policy provides a mechanism for employees and officers to bring to the attention of the Town's elected Auditor(s) or professional auditing firm hired by the Selectboard (e.g., RHR Smith & Assocs.) any complaints regarding the integrity of the Town's internal financial controls or the accuracy/completeness of financial/other information used in or related to the Town's financial statements and reports. Town employees and officers shall not be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner for raising reasonable questions concerning the fair presentation of town financial statements in accordance with this policy.

REPORTS OF IRREGULARITY. Any employee who has a complaint about the integrity of the Town's internal financial controls or the accuracy/completeness of financial/other information used in or related to the Town's financial statements and reports, or who observes any questionable accounting practices, should report such complaint to the Town's elected Auditor(s) or professional auditing firm hired by the Selectboard. Any employee submitting a report to the professional auditing firm hired by the Selectboard shall make the auditing firm aware that the auditing firm must first consult with the Selectboard concerning any related expense necessary to conduct an investigation.

The report should include a written description of the matter or irregularity, the period of time during which the employee observed the matter/irregularity, and any steps that the employee took to investigate the matter/irregularity, including reporting it to a supervisor and the supervisor's reaction. The report may include, at the employee's option, the employee's contact information, if additional information is needed. However, a report shall not be deemed deficient because the employee did not include contact information.

Examples of reportable actions include any indication of fraud, misappropriation of Town resources, substantial variation in the Town's financial reporting methodology from prior practice, or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of Town financial records.

INVESTIGATION. Upon receiving such a report, the Town's elected Auditor(s) or the professional auditing firm hired by the Selectboard shall investigate the issues identified in the report. If the professional auditing firm receives the report, that firm shall first consult with the Selectboard concerning any related expense necessary to conduct an investigation. The Auditor(s)/auditing firm may consult with the Selectboard, Town Manager, Treasurer, any other Town employee, legal counsel, and independent auditors as a part of their investigation. At the conclusion of the investigation, the Auditor(s)/auditing firm shall prepare a written response to the report, which shall be a public document, subject to constraints that may be temporarily imposed by any necessary criminal investigation.

In accordance with 24 VSA §1686(c), any town officer who willfully refuses or neglects to submit his/her books, accounts, vouchers, or tax bills to the Auditor(s)/auditing firm upon

request, or to furnish all necessary information in relation thereto, shall be ineligible for reelection for the year ensuing and be subject to the penalties otherwise prescribed by law.

The foregoing Policy is hereby adopted by the Selectboard and the Treasurer of the Town of Fair Haven, Vermont, this 29th day of March, 2016 and is effective as of this date until amended or repealed.

Robert Richards, Chair

Richard Frazier, Clerk

Christopher Cole

Roderic Holzworth, II

Jeffrey Sheldon

Suzanne Dechame, Treasurer