

# **FRAUD POLICY**

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**EFFECTIVE: 6 MAY 2009**

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## POLICY HISTORY AND APPROVAL

This policy has been approved according to the chart shown below. Any deviation from this policy will require the written approval of the Board of Directors.

POLICY HISTORY				
Date	Revision	Summary of Changes	Author(s)	Approver(s)
26 April 2009	1	Original version	Arnold Hirshon, Neil Feldman	Finance Committee, Board of Directors

## 1. PURPOSE

The purpose of this policy is to document the policy and procedure for dealing with fraud, corruption, suspected fraud, or suspected corruption at Congregation B'nai Shalom.

## 2. SCOPE

The Board of Directors of Congregation B'nai Shalom (CBS) is responsible for protecting the assets of the congregation, our operations, and our employees against financial risks, operational breaches, and unethical activities. This policy applies to all paid employees, volunteers, and any vendor with whom CBS does business. It defines issues related to fraud, suspected fraud, or corruption involving employees, consultants, vendors, contractors, or outside agencies doing business with Congregation B'nai Shalom. CBS will promptly investigate any possibility of fraud or corruption, and will pursue all legal remedies available under the law, including taking appropriate disciplinary and legal actions against employees and/or entities up to and including termination of employment, seeking restitution, and forwarding information to the appropriate authorities for criminal prosecution.

## 3. TERMS AND DEFINITIONS

**Fraud:** For purposes of this policy, fraud is defined as an intentional deception; false representation or concealment of a material fact; misappropriation of resources; or the manipulation of data to the advantage or disadvantage of a person or entity. Fraud includes, but is not limited to:

- Forgery, falsification or fraudulent alteration of documents or records belonging to CBS, including time records, expense reports, independent contractor agreements, purchase orders, invoices, and budgets
- Theft, disappearance or destruction of any cash or assets
- Failure to account for monies collected
- Knowingly providing false information on job applications or requests for funding
- Forgery or alteration of a check, promissory note, bank draft, or any other financial document

- Misappropriation or misrepresentation of any information, including of funds, securities, supplies or other assets
- Impropriety in the handling or reporting of money, financial transactions, or any other official record
- Profiteering as a result of knowledge of congregational affairs
- Authorizing or receiving payments for goods not received, services not performed, or hours not worked
- Accepting or seeking anything of material value from contractors, vendors or other persons who provide services or materials to CBS, except gifts as may be defined elsewhere as gifts of minimal value
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Fraudulent use of a CBS credit card, including use for any personal expenses
- Violation of any federal, state or local laws related to dishonest activities or fraud

**Corruption:** For purposes of this policy, corruption is defined as the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include:

- Bribery
- Conspiracy
- Extortion

#### 4. POLICY

Suspected fraudulent activities or improprieties should be resolved by the President or VP of Finance and Administration under this policy. Any question as to whether an action constitutes fraud should be reported for adjudication to the CBS President or VP of Finance and Administration.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position or title, or relation to CBS. All matters raised by any source will be taken seriously and properly investigated.

Allegations and concerns about fraudulent or corrupt activity should be reported to the CBS President or VP of Finance and Administration. Allegations or concerns may come from various sources including:

- Congregants
- Employees
- Vendors
- Members of the public
- Results of internal or external audit reviews
- Any other interested parties

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor or any other party with any association with CBS. Any person who has a reasonable basis for believing

fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the President or VP of Finance and Administration.

If deemed necessary, CBS will notify and fully cooperate with the appropriate law enforcement agency. Any investigation resulting in the finding of fraud or corruption will be referred to the CBS President or VP of Finance and Administration. Fraudulent or corrupt activities that result in disciplinary action will be reported to the Board of Directors.

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

**Authority:** If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the CBS President or VP of Finance and Administration. The CBS Board of Directors is responsible for the general administration, revision, interpretation, and application of this policy.

**Detering Fraud and Corruption:** CBS has established internal controls, policies and procedures in an effort to deter, prevent, and detect fraud and corruption.

All new employees, plus temporary and contract employees, may be subject to background investigations including a criminal background check. CBS may also verify all applicants' employment history, education and personal references prior to making an offer of employment.

All vendors and contractors must be active, in good standing and authorized to transact business in the Commonwealth of Massachusetts. Vendors, contractors and suppliers are subject to screening, including verification of the individual's or company's status as a debarred party.

All contractual agreements with CBS will contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

**Confidentiality:** To avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect CBS from potential civil liability, ongoing investigations or results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

**Authorization for Investigations:** The CBS President or VP of Finance and Administration and, as appropriate, members of the Finance Committee or any other individual involved in the investigation, will have free and unrestricted access to all CBS records and premises, and the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

The individual conducting the investigation will not discuss the case, facts, suspicions or allegations with anyone other than the Board of Directors (including other employees) unless instructed by the Board to do so. If an inquiry for information is directed to a member of the Board or to an employee, such inquiries should be referred to the President or VP of Finance and Administration of CBS.

**Corrective Action:** Great care must be taken in dealing with suspected dishonest or fraudulent activities to avoid incorrect accusations, alerting suspected individuals that an investigation is underway, treating employees unfairly, or making statements that could lead to claims of false accusations or other offenses. Individuals who knowingly make false accusations may be subject to disciplinary action.

Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the CBS President or VP of Finance and Administration in consultation, as appropriate, with the Board of Directors.

Offenders at all levels of CBS will be treated equally regardless of their position or years of service. Determinations will be made based on a finding of facts in each case, actual or potential damage or loss to the congregation, cooperation by the offender and legal requirements.

Depending upon the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period to legal action – either civil or criminal. In all cases involving monetary losses, CBS will pursue recovery of losses.

## **5. EXCEPTIONS**

There are no exceptions to this policy

## **6. RESPONSIBILITIES**

The CBS Board of Directors is responsible for the general administration, revision, interpretation, and application of this policy.

The CBS Finance Committee is responsible for the issuance and maintenance of this policy.

The CBS VP of Finance and Administration is responsible for reviewing this policy annually.

All employees, members, vendors, and contractors of Congregation B'nai Shalom are responsible for adhering to the policy.

All employees are responsible for reporting suspected fraud or corruption to the CBS President or VP of Finance and Administration.

The CBS President or VP of Finance and Administration is responsible for investigating or delegating the investigation of all suspected fraud or corruption.