

## FRAUD PREVENTION POLICY

### TOWN OF CANAAN AND CANAAN FIRE DISTRICTS 1 & 2

**PURPOSE.** The purpose of this Policy is to provide a mechanism for employees and officers to bring to the attention of the town auditors or the public accountant employed by the Selectboard and Prudential Committees (Sullivan, Powers & Co.) any complaints regarding the integrity of the Town's or Districts' internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's or Districts' financial statements and reports. Town or District 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 the Town's or Districts' financial statements in accordance with this Policy.

**REPORTS OF IRREGULARITY.** Any employee who has a complaint regarding the integrity of the Town's or Districts' internal financial controls or the accuracy or completeness of financial or other information used in or related to the Town's or Districts' financial statements and reports, or who observes any questionable accounting practices, should report such complaint to the town auditors or the public accountant employed by the Selectboard (Sullivan, Powers & Co.)

The report should include a description of the matter or irregularity, the period of time during which the employee observed the matter or irregularity, and any steps that the employee has taken to investigate the matter or 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 or District resources, substantial variation in the Town's or Districts' financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of Town or District financial records.

**INVESTIGATION.** Upon receiving such a report, *the Selectboard, Prudential Committee, and town auditors* shall investigate the issues identified in the report. The Selectboard or Prudential Committee may consult with the town or district clerk, treasurer, any other Town or District employee, officer, legal counsel, independent auditors, or any other person or entity as part of their investigation. At the conclusion of the investigation, *the Selectboard, Prudential Committee and town auditors* shall prepare a written response to the report, which shall be a public document.

In accordance with 24 V.S.A. § 1686(c), any town or district officer who willfully refuses or neglects to submit their books, accounts, vouchers, or tax bills to the auditors after five business days following their receipt by certified mail of a written request by the auditors or public accountant that is approved and signed by the Selectboard or Prudential Committee, 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 of the Town of Canaan, Vermont and the Canaan Fire District Prudential Committees on this 30 day of November, 2022 and is effective as of this date until amended or repealed.

**SIGNATURES.**

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Canaan Selectboard

/s/ Haven Haynes Jr., Selectboard Chairperson  
/s/ Alfred Buckley  
/s/ Mark Bullard

Canaan FD1 Prudential Committee

/s/ Jeffrey Richards, FD 1 Committee Chairperson  
/s/ Alfred Buckley  
/s/ Jeremy Labrecque

Canaan FD2 Prudential Committee

/s/ Tony Wheeler, FD 2 Committee Chairperson  
/s/ Gregory Noyes  
/s/ Jody Riley

Town, FD1, and FD2 Clerks and Treasurers

/s/ Noreen Labrecque, Town and FD1  
/s/ Diana Rancourt, FD2