

RESOLUTION NO. _____

A RESOLUTION ESTABLISHING A FRAUD ACTION PLAN FOR THE TOWN OF MOUNTAIN CITY, TENNESSEE.

WHEREAS, it is the responsibility of the Board of Mayor and Aldermen and City Recorder of the Town of Mountain City to prevent and detect fraud and to protect the financial resources of the Town; and,

WHEREAS, the development of a Fraud Action Plan will provide a foundation for protecting the financial resources of the Town; and

WHEREAS, a Fraud Action Plan can identify the essential elements needed for the prevention and detection of fraud:

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF MOUNTAIN CITY, TENNESSEE THAT:

The following Fraud Action Plan is adopted for the Town of Mountain City, Tennessee:

1. The Town shall be committed to creating and maintaining a culture of honesty and high ethics. This shall be accomplished by the following:
 - The Town’s management shall be committed to setting an example for ethical behavior.
 - The Town’s management and Board of Mayor and Aldermen shall work to create and maintain a positive workplace environment.
 - All employees shall follow policies in the *Municipal Code* which enhance a culture of honesty and high ethics. These include but are not limited to Section 4-210 (Acceptance of Gratuities), Section 4-213 (Use of Municipal Time, Facilities, Etc.), Section 4-214 (Use of Position), and Section 4-221 (Prohibitions).
 - Proactive procedures as specified in the *Municipal Code* will be used to ensure the hiring and promotion of appropriate employees.
 - The Town will make a commitment to the training of employees in the area of ethics when such training is available.
 - Appropriate and consistent discipline, as specified in the Town’s *Municipal Code* , shall be taken after a thorough investigation of an incident of ethical violation.

2. The Town shall periodically evaluate and improve antifraud processes and controls. This shall be accomplished by the following:
 - Adoption of a set of purchasing policies and procedures.
 - Periodic assessment of which employees are required to be bonded.
 - Periodic evaluation of procedures used to handle financial transactions.

- Implementation of appropriate steps to mitigate identified risks.
 - Periodic evaluation of the Town's personnel policies and procedures which guide employee ethical behavior.
3. The Town shall continually develop and utilize an appropriate oversight process including, but not limited to the following:
- Notification to all employees that instances where fraudulent activity is detected or suspected shall be reported to either the Mayor or City Recorder.
 - Commitment to implementation of reasonable suggestions made by the Town's auditor.
 - Commitment to implementation of reasonable recommendations made by the City Recorder.

ADOPTED THIS _____ DAY OF _____, 2004.

Signed: _____
Mayor

Attested: _____
City Recorder