

**FRAUD PREVENTION AND FISCAL MANAGEMENT****Authority**

The Board expects all Board members, district employees, volunteers, consultants, vendors, contractors and other parties that maintain a relationship with the school district to act with integrity, due diligence, and in accordance with law in their duties involving the district's resources. The Board is entrusted with public funds, and no one connected with the district shall do anything to erode that trust.

**Definitions**

Fraud, financial improprieties, or irregularities include but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the district.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies or other assets.
4. Impropriety in handling money or reporting financial transactions.
5. Profiteering because of insider information of district information or activities
6. Disclosure of confidential and/or proprietary information to outside parties.
7. Acceptance or seeking of anything of material value, other than items used in the normal course of advertising, from contractors, vendors, or persons providing services to the district.
8. Destruction, removal, or inappropriate use of district records, furniture, fixtures, or equipment.
9. Failure to provide financial records to authorized state or local entities.
10. Failure to cooperate fully with any financial auditors, investigators, or law enforcement.
11. Other dishonest or fraudulent acts involving district monies or resources.

## **Delegation of Responsibility**

District administrators are responsible to be alert to an indication of fraud, financial impropriety, or irregularity within their areas of responsibility.

The Superintendent shall recommend to the Board for its approval completion of a forensic audit when it is deemed necessary and beneficial to the district.

The Superintendent shall ensure the appropriate authorities are notified, pursuant to state law, when cases of **fraud**, embezzlement or theft have been identified.

## **Guidelines**

### **Reporting**

An employee who suspects fraud, impropriety, or irregularity shall immediately report his/her suspicions to the Superintendent. If the report involves the Superintendent, the employee shall report his/her suspicions to the (Board Chair). Employees who bring forth a legitimate concern or suspicion about a potential impropriety shall not be retaliated against. Those who do retaliate against such an employee shall be subject to disciplinary action.

### **Investigation**

The Superintendent shall have primary responsibility for conducting necessary investigations or reported fraudulent activity.

Based on his/her judgment, the Superintendent shall coordinate investigative efforts with the district auditor, insurance agent, external agencies, and law enforcement officials, if applicable.

If the Superintendent is involved in the complaint, the Business Administrator is authorized to initiate investigation of the complaint and coordinate the investigative efforts with individuals and agencies she/he deems appropriate.

Records shall be maintained for use in an investigation.

Individuals found to have altered or destroyed records shall be subject to disciplinary action. If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent shall present a report to the Board and appropriate personnel.

The Board shall determine the final disposition of the matter, if a criminal complaint will be filed, and if the matter will be referred to the appropriate law enforcement and/or regulatory agency for independent investigation.

### **Confidentiality**

The Superintendent shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the individuals and facts. All employees involved in the investigation are required to maintain confidentiality regarding all information about the

matter during the investigation. Results of an investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate right to know, until the results are made public.

#### Prevention

In order to prevent fraud, the Board directs that a system of internal controls be followed that include but are not limited to the following:

- ❖ Segregation of Duties – Where possible, more than one (1) person will be involved in pieces of financial transactions. No one (1) person shall be responsible for an entire financial transaction.
- ❖ Payments- Payments shall be made only by checks. No cash transactions shall be permitted.
- ❖ Bank Reconciliations – Bank statements and cancelled checks shall be reconciled by individuals who are not authorized to sign checks, nor involved in check processing.
- ❖ Access to Checks- Physical and electronic access to school district checks and accounts shall be limited to those employees with designated business functions.
- ❖ Training-Administrators shall be responsible for ensuring that employees under their supervision receive training regarding fraud prevention.

First Reading: September 22, 2010

Second Reading: October 6, 2010

**Adopted: October 6, 2010**