

Policy DIEA Anti-Fraud

Issued 10/13

~~Purpose: To establish the basic structure for the board to reinforce existing systems, policies, procedures, rules and regulations of the district meant to deter, prevent, detect, react to and reduce the impact of fraud.~~

The district supports and fosters a culture of zero tolerance to fraud in all of its manifestations. The district recognizes that acts of fraud by its employees seriously deplete the scarce resources available to meet the mandates of a public school system. The district is aware that the effects of fraud extend beyond the loss of cash and other assets which have severe negative repercussions on the ability of the district to achieve its objectives.

Although it is difficult to quantify, such acts, if left unchecked, seriously impact the following:

- Quality and effectiveness of service delivery
- Strength of business relationships with customers, suppliers and the public
- Employee morale
- Reputation and image of the district

The scope of this policy applies to all employees of the district and relates to all attempts and incidents of fraud impacting or having the potential to impact the district.

Actions constituting fraud refer to but are not limited to, the following.

- Any dishonest, fraudulent or corrupt act
- Theft of funds, supplies or other assets
- Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets
- Making a profit from insider knowledge
- Disclosing confidential or proprietary information to outside parties for financial or other advantage
- Irregular destruction, removal or abuse of records and equipment
- Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct
- Bribery, blackmail, secret commissions and/or extortion involving a district employee in the performance of his/her duties
- Abuse of district facilities usage
- Any similar or related irregularity

All fraud will be investigated and followed up by the application of all remedies available within the full extent of the law. Appropriate prevention and detection controls will be applied. These prevention controls include the existing financial and other controls, and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulations of the district.

Reporting procedures and resolution of reported incidents

All employees are responsible for the prevention and detection of fraud. It is the responsibility of each employee to immediately report all allegations or incidents of fraud to his/her immediate superior or, if the employee has reason to believe that his/her immediate supervisor is involved, to the next level of management. All administrators must report all incidents and allegations of fraud to the superintendent. The superintendent's designee(s) will then initiate an investigation into the matter.

Should members of the public wish to report allegations of fraud anonymously, they can contact the superintendent, any member of management or any department head. The district encourages members of the public who suspect fraud to contact the superintendent.

Any fraud committed by an employee of the district will be pursued by thorough investigation and to the full extent of the law, including consideration of the following:

- Taking disciplinary action in accordance with the district's personnel policy handbook
- Instituting recovery of financial losses, including formal civil action

- Initiating criminal prosecution by reporting the matter to the appropriate law enforcement agency
- Any other appropriate and legal remedy available

The superintendent or his/her designee will, upon receiving a report of fraud from an external person, write to the person (unless the report has been made anonymously) making the report as follows:

- Acknowledging that the concern has been received
- Informing him/her whether any further investigation will take place and, if not, why
- Subject to legal constraints, information about outcomes of any investigation will be disseminated on a "need to know" basis.

All information relating to fraud that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. No person is authorized to supply information with regard to allegations or incidents of fraud to the media without the direct permission of the superintendent.

No person will suffer any penalty or retribution for reporting in good faith any suspected or actual incident of fraud. Principals and department heads should discourage employees or other parties from making allegations which are false and made with malicious intentions. Where such allegations are discovered, the person making the allegations will be subjected to disciplinary actions.

Prevention control and detection methods

When incidents of fraud are reported, department heads are required to immediately review and, where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in the future.

It is the responsibility of the superintendent and/or chief ~~financial~~ **finance** officer to ensure that all employees are made aware of and receive appropriate training and education regarding this policy.

In order to prevent fraud, the board directs that a system of internal controls be followed that includes, but is not limited to, the following:

Segregation of duties - Where possible, more than one person will be involved in pieces of financial transactions. No one person will be responsible for an entire financial transaction.

Payments - No cash payment transactions will be made by the district

Bank reconciliations - Bank statements will be reconciled and reviewed by ~~the appropriate people~~ **more than one person**.

Capital assets - The finance office will maintain updated lists of district capital assets.

Training - Administrators will be responsible for ensuring that employees under their supervision receive training regarding fraud prevention.

Adopted: 10/28/13

York 3/Rock Hill School District
