

DIH – 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 - The Superintendent or his/her designee will be responsible to develop and implement internal controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the district, subject to review and approval by the Board.

The Superintendent or his/her designee will be responsible for maintaining a sound system of internal controls that is designed to identify potential risks, evaluate the nature and extent of those risks, and manage them effectively.

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

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

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

REPORTING - An employee who suspects fraud, impropriety, or irregularity will immediately report his/her suspicions to the Superintendent. The employee should contact the Superintendent immediately and not attempt to confront the accused or conduct his/her own investigation. If the report involves the Superintendent, the employee will report his/her suspicions to the School Board Chairperson. Employees who bring forth a legitimate concern or suspicion about a potential impropriety will not be retaliated against. Anyone retaliating against such an employee will be subject to disciplinary action.

INVESTIGATION - The Superintendent will have primary responsibility for conducting necessary investigations of reported fraudulent activity.

Based on his/her judgment, the Superintendent will coordinate investigative efforts with the district auditor, insurance agent, external agencies, and law enforcement officials, if applicable. This effort will include the taking control of and gaining full access to District records and premises without prior consent of any individual who may have custody of any such records or facilities.

If the Superintendent is involved in the complaint, the (Board Chairperson) is authorized to initiate investigation of the complaint and coordinate the investigative efforts with individuals and agencies s/he deems appropriate.

Records will be maintained for use in an investigation.

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

The Board will 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 will 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 will 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 including, but not limited to the following:

1. Segregation of Duties - Where possible, more than one (1) person will be involved in pieces of financial transactions. No one (1) person will be responsible for an entire financial transaction.
2. Payments - Payments will be made only by checks. No cash transactions will be permitted. Check signers will be approved annually by the Board and will consist of persons not involved in the transaction. All checks will have at least two (2) signatures.
3. Bank Reconciliations - Bank statements and cancelled checks will be reconciled by individuals who are not authorized to sign checks, nor involved in check processing.

4. Access to Checks - Physical and electronic access to school district checks and accounts will be limited to those employees with designated business functions.
5. Capital Assets - The business office will maintain updated lists of district capital assets.
6. Training - Administrators will be responsible for ensuring that employees under their supervision receive training regarding fraud prevention.

Statutory/Regulatory/Policy/Handbook Cross References

Staff Handbook

APPROVED/REVISED: August 20, 2009, November 21, 2013