

FRAUD PREVENTION AND FISCAL MANAGEMENT

The board expects all board members, district employees, volunteers, consultants, vendors, contractors, and other individuals or any party that maintain a relationship with the district to act with integrity, due diligence, and in accordance with law in their duties involving the district's resources.

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

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

An employee who suspects fraud, impropriety, or irregularity shall immediately report his/her suspicions to the superintendent. The superintendent shall have primary responsibility for conducting necessary investigations of reported fraudulent activity.

Based on his/her judgment, the superintendent shall coordinate preliminary investigative efforts with the district auditor, insurance agent, external agencies, and/or law enforcement officials, if applicable. The superintendent will notify the board chairperson. If it is deemed necessary to further investigate the financial records, the superintendent shall recommend to the board, for its approval, completion of a forensic audit.



If the report involves the superintendent, the employee shall report his/her suspicions to the board chairperson. If the superintendent is involved in the complaint, the board chairperson is authorized to initiate investigation of the complaint, coordinate the investigative efforts with individuals and agencies s/he deems appropriate, and notify the SAU board chair.

The superintendent shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the individuals and facts. An employee involved in the investigation is 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.

An employee who brings forth in good faith a concern or suspicion about a potential impropriety shall not be retaliated against. Any employee who retaliates against such an employee shall be subject to disciplinary action.

An employee who is found to have altered or destroyed records shall be subject to disciplinary action up to and including termination. 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 is filed, the superintendent shall ensure the appropriate authorities and or regulatory agency are notified.

System of Internal Controls

In order to prevent fraud, the board directs the superintendent or designee to develop, implement and maintain a sound system of internal controls. These controls are designed to identify potential risks, evaluate the nature and extent of those risks, prevent and detect fraud, financial impropriety, and/or fiscal irregularities within the district. All financial controls are subject to review and approval by the board.

These shall include but are not limited to the following:

- Segregation of Duties - Where possible, more than one (1) employee will be involved in pieces of financial transactions. No one (1) employee shall be responsible for an entire financial transaction
- Payments - Payments shall be made only by checks or approved electronic transfer, no cash transactions shall be permitted (excluding petty cash)



- Bank Reconciliations - Bank statements and cancelled checks shall be reconciled by an employee who is not authorized to sign checks, nor involved in check processing
- Access to Checks - Physical and electronic access to district checks and accounts shall be limited to those employees with designated business functions
- Capital Assets - The business office shall maintain updated lists of district capital assets
- Financial Records - Administrators shall be responsible for ensuring that employees keep proper financial records to reduce the risk of fraud

Adopted 2014

