

COLCHESTER SCHOOL DISTRICT

POLICY: FRAUD

DATE ADOPTED: June 2, 2020

POLICY STATEMENT

The purpose of this policy is to establish certain principles and expectations for the school district to prevent fraud, investigate and provide consequences for engaging in any manner of fraud, and to heighten awareness of possible fraud. All board members, employees, vendors, contractors, volunteers, students and any other parties who are involved in the district's financial transactions shall act with integrity and diligence in duties involving the district's financial resources. The district will not tolerate fraud or the concealment of fraud. These activities could result in criminal prosecution and disciplinary action, up to and including termination of employment. Acts of fraud will not be tolerated and will be reported to appropriate government and criminal authorities whenever there is a reasonable basis to believe, following investigation, that such conduct has occurred or is occurring.

I. DEFINITIONS

Fraud is defined as a deception deliberately practiced to secure unfair or unlawful gain. The term includes such acts as bribery, deception, embezzlement, extortion, false representation, forgery, the concealment of material facts, the misappropriation of money or assets and collusion or conspiracy to commit any or all of the above acts.

Fraud and financial impropriety shall include but not be limited to:

- A.** Forgery or unauthorized alteration of any document or account belonging to the district.
- B.** Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
- C.** Misappropriation of funds, securities, supplies, or other district assets, including employee time.
- D.** Impropriety in the handling of money or reporting of district financial transactions.
- E.** Profiteering as a result of insider knowledge of district information or activities.
- F.** Unauthorized disclosure of confidential or proprietary information to outside parties.
- G.** Unauthorized disclosure of investment activities engaged in or contemplated by the district.
- H.** Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
- I.** Failure to disclose conflicts of interest as required by law or district policy.
- J.** Any other dishonest act regarding the finances of the district.

Date Warned: April 3, 2020
 First Reading: April 7, 2020
 Second Reading: June 2, 2020

II. FINANCIAL CONTROLS AND OVERSIGHT

Each employee who supervises or prepares district financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor their area of responsibility for fraud and financial impropriety. The superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the district.

III. FRAUD REPORTING

Any individual who has reasonable cause to believe that the fiscal practices or actions (wrongful conduct) of an employee or school board member violates any local, state, federal law or rule and regulation relating to the financial practices of the district shall make a report using the Fraud Report Form (Appendix A of this policy). This form shall be submitted to the superintendent of schools or the school board chair if the complaint is regarding the superintendent or business and operations manager.

If an allegation is made in good faith, but is not corroborated by the investigation, no action shall be taken against the person who filed the allegation. Suspicious actions that do not constitute fraud must be reported in accordance with district procedures. Individuals who knowingly make a false report of suspected fraud shall be subject to disciplinary action up to and including termination.

IV. INVESTIGATIONS

The superintendent shall have the primary responsibility for investigating all suspected fraud or financial impropriety as defined in this policy. The superintendent may appoint a designated third-party investigator to lead the investigation. The school board may designate the investigation responsibilities if the superintendent or business and operations manager are the subject of a report of suspected fraud.

An employee shall not attempt to personally conduct investigations and shall not contact the suspected individual in an effort to determine facts or demand restitution. If a preliminary investigation substantiates the occurrence of fraudulent activity, the superintendent or designee shall issue a report to the school board. Final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. Results of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know.

V. CONFIDENTIALITY

Employees involved in the investigation shall be advised to keep information about the investigation confidential. The district will maintain confidentiality of reports of suspected misconduct and the investigation, to the extent consistent with the conduct of an appropriate investigation and the district's obligations under the Freedom of Information Act. However, absolute confidentiality results cannot be guaranteed. The investigation process may reveal the source of the information, and/or a statement by the individual may be required as part of the evidence.

VI. RETALIATION

The board and all district employees shall not retaliate against a person who in good faith reports perceived fraud or financial impropriety. The district shall not tolerate harassment or victimization and shall take action to protect a person who raises a concern in good faith.

VII. CORRECTIVE ACTION

If an employee is found to be engaging in or to have been engaged in fraudulent acts, or failed to report fraudulent acts, they shall be subject to disciplinary action, up to and including termination. Based on the seriousness of the offense, the results may be referred to the appropriate law enforcement and/or regulatory agencies.

**Colchester School District
Fraud Report Form**

Your Name: _____

Address: _____

Email Address: _____ Phone Number: _____

Please check the box to confirm that you have read the Colchester School District Fraud Policy: E9

Where did you see the fraud happen?

When did you see the fraud occur (date and time)?

Who was committing the act of fraud? Please list all individuals involved.

Who else witnessed the act of fraud?

Is this the first time you have witnessed the fraud occur? Yes / No

If you answered no above, please describe the other incidents.

Please describe in full detail what you witnessed.

A large, empty rectangular box with a thin black border, intended for the witness to provide a detailed description of what they witnessed. The box occupies the majority of the page below the instruction.