

FERNDALE AREA SCHOOL DISTRICT

SECTION: OPERATIONS

TITLE: FRAUD

ADOPTED: JUNE 11, 2008

REVISED:

828. FRAUD	
1. 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.
2. 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.

The Board President and district solicitor shall have the authority to solicit the assistance and participation in the investigation of such additional professionals as may be appropriate to determine whether fraud or embezzlement has occurred, including but not limited to the district's auditor, insurance agent, and with the Board's prior consent, law enforcement agencies or officials.

Records shall be maintained for use in an investigation.

Individuals found to have altered or destroyed records shall be subject to disciplinary action.

Upon the completion of the investigation, the Superintendent (or as the case may be, the Board President) shall present a report to the Board and other appropriate personnel as to the results of the investigation, and whether or not the investigation substantiated the occurrence of a fraudulent activity.

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. Check signers shall be approved at least annually by the Board and will consist of persons not involved in the transaction. All checks shall have at least two (2) signatures.

Bank Reconciliations - Bank statements and cancelled checks shall be reconciled by individuals who are not authorized to sign checks, nor involved in check processing.

Such reconciliation shall occur within not more than 30 days of the end of the monthly banking cycle.

Access to Checks - Physical and electronic access to school 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.

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

References:

Whistleblower Law – 43 P.S. Sec. 1421 et seq.

Sarbanes Oxley Act of 2002 – 15 U.S.C. Sec. 7201 et seq.

Whistleblower Protection – 18 U.S.C. Sec. 1513

Board Policy – 317

NOTES:

If district has three (3) employee sections, remember to change the policy cites in the policy and references.