

## **FINANCIAL FRAUD AND THEFT PREVENTION**

All district employees, Board Trustees, consultants, vendors, contractors and other parties maintaining a business relationship with the District shall act with integrity and due diligence in matters involving District fiscal resources.

The Superintendent shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety or fiscal irregularities within the District. Every member of the District's administrative team shall be alert for any indication of fraud, financial impropriety or irregularity within his/her areas of responsibility.

The Superintendent shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigations shall be advised to keep information about the investigation confidential. While investigating and responding to the financial fraud allegations, the Superintendent or Board Chair will give priority to avoiding possible retaliation or reprisals.

## **STAFF RESPONSIBILITIES**

Any employee who suspects that financial fraud, impropriety, or irregularity has occurred shall immediately report those suspicions to their immediate supervisor and/or the Superintendent/designee who shall have the primary responsibility for initiating necessary investigations. Additionally, the Superintendent shall coordinate investigative efforts with the District's legal counsel, auditing firm, and other internal or external departments and agencies, including the county prosecutor's office and law enforcement officials, as the Superintendent may deem appropriate.

An employee who believes they have suffered reprisal, retaliation, or discrimination for a report under this Policy shall report the incident(s) to the Superintendent/designee. The Board will attempt to ensure that no employee who makes such a report will suffer any form of reprisal, retaliation, or discrimination for making the report. Employees are prohibited from preventing or interfering with those who make good faith disclosures of misconduct. This Policy shall not apply when an employee knowingly makes a false report.

In the event the concern or complaint involves the Superintendent, the concern shall be brought to the attention of the Board Chair who is hereby empowered to contact the District's legal counsel, auditing firm, and any other agency to investigate the concern or complaint.

## **DEFINITION**

As used in this Policy, "fraud" refers to intentionally misrepresenting, concealing or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

1. Behaving in a dishonest or false manner in relation to District assets including theft of funds, securities, supplies or other District properties;
2. Forging or altering financial documents or accounts illegally or without proper authorization;
3. Improper handling or reporting of financial transactions;
4. Personally profiting as a result of insider knowledge;
5. Disregarding confidentiality safeguards concerning financial information;
6. Violating Board conflict of interest policies; and
7. Mishandling financial records of District assets (destroying, removing or misusing).

**INTERNAL CONTROLS**

The following internal controls shall be a regular practice of the District in an effort to prevent the possibility of fraud:

1. **Budgetary Transfers.** The transfer of appropriations is important for the Superintendent, purchasing agent, business official and treasurer, and all should have written confirmation of the information. The purchasing agent shall be apprised if the transfer has been approved, the treasurer shall document it and the business official shall record it.
2. **Treasurer's Receipts.** The treasurer should have receipts and numbered duplicates for everything paid out in his/her custody.
3. **Checks.** The treasurer shall keep personal custody of any signature stamps and maintain a log for every check written.
4. **Audit.** An individual not connected to the business office should audit the check register regularly.
5. **Conduct background checks on potential business office employees.** Check all possible references, not just those offered, and perform criminal background checks on key business officials and other warranted personnel.
6. **Segregate functions within the business office so as to avoid the opportunity for fraud without collusion.**

**Policy Cross Reference:**

**Legal Reference:**

**Policy History:**

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