

SECTION: FINANCE

TITLE: ANTI-FRAUD

SHALER AREA SCHOOL DISTRICT

ADOPTED: April 12, 2006

REVISED: December 13, 2006

623. ANTI-FRAUD

1. Purpose

The purpose of this policy is to establish certain principles and expectations for the School District in order to prevent fraud, investigate, and provide consequences for engaging in any manner of fraud to heighten awareness of possible fraud. The District will not tolerate fraud or the concealment of fraud.

2. Definition

Fraud includes, but is not limited to, knowingly misrepresenting the truth or concealment of a material fact in order to personally benefit or to induce another to act to his/her detriment.

Actions constituting fraud include but are not limited to:

1. Falsifying, or unauthorized altering of District documents, including but not limited to:
 - a. Claims for payments or reimbursements (including but not limited to submitting false claims for travel or overtime).
 - b. Absence(s) from the worksite documents including but not limited to requests for sick, bereavement, and other types of leaves of absence.
 - c. Files (both physical and electronic forms), photographic or audio records, or accounts belonging to the School District.
 - d. Checks, bank drafts, or any other financial documents.
 - e. Student records.
 - f. Personnel records.
 - g. Board minutes or other Board records.
 - h. Business office records.
 - i. Maintenance records
 - j. Fire, health, and safety reports.
 - k. Other School District records.
2. Accepting or offering a bribe, gifts, or other favors under circumstances that indicate that the gift or favor was intended to influence an employee's decision making.

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3. Disclosing to other persons the purchasing/bidding activities engaged in, or contemplated by the District in order to give any entity, person, or business an unfair advantage in the bid process.
4. Causing the District to pay excessive prices or fees where justification is not documented.
5. Unauthorized destruction, theft, tampering or removal of records, furniture, fixtures, or equipment. Approval by the principal or supervisor, with proper documentation, is required for removal of District property or assets.
6. Using District equipment or work time for any outside private or non-profit business activity.

3. Responsibility

This policy applies to any fraud, suspected or observed, involving District staff members, outside support organizations, vendors, contractors, volunteers, outside agencies doing business with the School Board, and any other persons or parties in a position to commit fraud against the School District. Any investigation required shall be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship.

Any perceived fraud that is detected or suspected by any staff member or other person shall be reported immediately to the Superintendent or School Board for guidance as to whether pursuit of an investigation is warranted. The obligation to report fraud includes instances where any employee knew or should have known that an incident of fraud occurred.

Administrators and supervisors are responsible for:

1. Ascertaining that employees under their supervision receive District training regarding fraud (see paragraph (5) below).
2. Completing the District-designed self-assessment of risk of fraud for their school/department (see paragraph (6) below).
3. Being familiar with the types of fraud that could occur within their areas of responsibility.
4. Being alert for any indication of fraud.

4. Consequences

Violation of this policy will result in disciplinary action, including discharge, based on a full investigation of all factors and circumstances.

5. Employee Education

All employees will be required to sign a statement indicating that they have read and understand this policy.

All new employees will be required to sign a statement indicating that they have read and understand this policy as part of the District orientation.

6. Self-Assessment of Risk or Fraud

At the direction of the Superintendent or School Board and with the assistance of the solicitor, each school/department shall perform a self-assessment of risk to identify areas where fraud may occur. Administrators and supervisors are responsible for identifying risks in their particular area of oversight and ensuring that internal controls are in place to address each of the identified risks.

7. Confidentiality

To the extent possible, the District will maintain the confidentiality of employees who suspect fraud and report the same under this policy with the understanding that employees accused of fraud will be afforded all applicable due process.

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:

1. 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.
2. Payments – Payments shall be made only by checks. No cash transactions shall be permitted. All checks shall have at least three (3) signatures.
3. Bank Reconciliations – Bank statements and cancelled checks shall be reconciled by individuals who are not authorized to sign checks, nor involved in check processing.

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4. Access to Checks – Physical and electronic access to school district checks and accounts shall be limited to those employees with designated business functions.

5. Capital Assets - The business office shall maintain updated lists of district capital assets.

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

References:

American Competitiveness and Corporate Accountability Act of 2002 – P.L. 107-204

Board Policy – 317, 417, 517