

Policy 2045

Fraud

A. Background

1. The fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against Box Elder School District (BESD). It is the intent of BESD to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

B. Scope of Policy

1. This policy applies to any irregularity, or suspected irregularity, involving employees as well stakeholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with BESD.
2. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to BESD.

C. Policy

1. Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.
2. Any irregularity that is detected or suspected must be reported immediately to the Business Administrator, who coordinates all investigations with Legal Counsel/Internal Auditor and other affected areas, both internal and external.

D. Actions Constituting Fraud

1. The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:
 - a. Any dishonest or fraudulent act;

- b. Misappropriation of funds, securities, supplies, or other assets;
- c. Impropriety in the handling or reporting of money or financial transactions;
- d. Obtaining personal benefit as a result of insider knowledge of district activities or on district time or with district equipment or facilities.
- e. Disclosing confidential, private, or proprietary information to outside parties
- f. Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to BESD. Exception: Gifts less than \$5010 in value.
- g. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- h. Any similar or related irregularity.

E. Other Irregularities

- 1. *Irregularities* concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and Human Resources rather than the Business Administrator.
- 2. If there is any question as to whether an action constitutes fraud, contact the Business Administrator for guidance.

F. Investigation Responsibilities

- 1. The Business Administrator has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Business Administrator will issue reports to appropriate designated personnel and, if appropriate, to the Board of Education through the Audit Committee.
- 2. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decision on disposition of the case.

G. Confidentiality

1. The Business Administrator treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Business Administrator immediately, and *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act (see Reporting Procedure section below).
2. Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect BESD from potential civil liability.

H. Authorization for Investigating Suspected Fraud

1. Members of the Investigation Unit/Audit Committee will have:
 - a. Free and unrestricted access to all BESD records and premises, whether owned or rented; and
 - b. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

I. Reporting Procedures

1. Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or altering suspected individuals that an investigation is under way.
2. An employee who discovers or suspects fraudulent activity will contact the Business Administrator immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Business Administrator or Internal Auditor. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.
3. The reporting individual should be informed of the following:
 - a. Do not contact the suspected individual in an effort to determine facts or demand restitution.

- b. Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the Legal Department/Auditors or Business Administrator.
- c. Any attempt by the suspect to intimidate or discuss the matter with the reporting individual should be reported to the Business Administrator. If it is found unauthorized contact has taken place it can result in personnel action which could include termination.

J. Termination

- 1. If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and outside counsel, before any such action is taken. The disciplinary process for will follow the district policy as outlined in [Policy 3044 Orderly School Termination for Employees](#). Recommendations for discipline for students will follow student policies. Investigative findings of individuals not employed by the school district will be referred to the proper legal authority.