

*An optional policy to consider.*

## **Business and Non-Instructional Operations**

### **Accounts**

### **Fraud Prevention and Investigation**

The Board expects all employees, board members, consultants, vendors, contractors, and other parties maintaining a business relationship with the District to act with integrity and due diligence in duties involving the District's fiscal resources.

The Superintendent or his/her designee shall be responsible for developing internal controls which aid in the prevention and detection of fraud, financial impropriety or irregularity within the District. Each member of the management team shall be alert for any indication of fraud, financial impropriety, or irregularity within his/her areas of responsibility.

An employee who suspects fraud, impropriety or irregularity shall immediately report the suspicions to his/her immediate supervisor and/or the Superintendent or designee. The Superintendent or designee shall have primary responsibility for any necessary investigations, in coordination with legal counsel and other internal or external departments and agencies as appropriate.

#### ***Alternative language:***

The Superintendent or designee shall establish a system of internal controls and written operational procedures to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent employee action.

(cf. 3100 – Budget/Budgetary System)

(cf. 3300 – Expenditures/Expending Authority)

(cf. 3324.1 – Contracts)

(cf. 3430 – Periodic Financial Reports)

(cf. 3434 – Periodic Audit)

Policy adopted:

cps 11/04

*Another version of this policy.*

## **Business and Non-Instructional Operations**

### **Accounts**

### **Fraud Prevention**

All employees, Board of Education members, 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.

### **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:

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

### **Staff Responsibilities**

An 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. Investigations shall be conducted in coordination with legal counsel and other internal or external departments and agencies as appropriate.

The Superintendent/designee shall inform employees with financial/accounting responsibilities of the following anti-fraud standards established by the Board:

1. The District shall operate in a culture of honesty and ethical behavior with employees doing all within their power to further that goal.
2. Employees shall comply with all laws, regulations and court orders of the State of Connecticut and of the United States, as well as Board policy addressing fiscal matters.

## **Business and Non-Instructional Operations**

### **Accounts**

#### **Fraud Prevention** (continued)

3. Employees shall practice good stewardship of District financial resources, including timely reporting of fraudulent expenditures.
4. Employees with financial/accounting responsibilities shall support and follow sound business practices to the best of their ability and in keeping with their assigned responsibilities and job-related training by:
  - a. Maintaining and protecting District financial records;
  - b. Performing one's job with the highest attention to detail to minimize and prevent error, falsification of accounting records, and omission of transactions;
  - c. Reporting knowledge of fraud or suspected fraud, including intentional misstatements and omissions of amounts or disclosures;
  - d. Guarding against misappropriation of assets;
  - e. Refusing to reveal investment activities engaged in or contemplated by the District to unauthorized persons or agencies; and
  - f. Resisting incentives, pressures, and negative attitudes that detract from performance of assigned responsibilities.

#### **Internal Controls/Investigations**

The Superintendent/designee shall be responsible for developing internal controls to aid in preventing and detecting fraud or financial impropriety or irregularity within the District. Reports of suspected fraudulent activities shall be investigated in a manner that protects the confidentiality of the parties and avoid unfounded accusations. Employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates occurrence of a fraudulent activity, the Superintendent/designee shall issue a report to appropriate personnel and to the Board of Education. 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.

(cf. 3100 – Budget/Budgetary System)

(cf. 3300 – Expenditures/Expending Authority)

(cf. 3324.1 – Contracts)

(cf. 3430 – Periodic Financial Reports)

(cf. 3434 – Periodic Audit)

Policy adopted:

cps 4/11

*A sample regulation to consider which may be modified to reflect district practice and definitions.*

## **Business and Non-Instructional Operations**

### **Accounts**

### **Fraud Prevention and Investigation**

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 the handling of money or reporting of financial transactions.
5. Profiteering as a result of insider information of District information or activities.
6. Disclosing confidential and/or proprietary information to outside parties.
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing services to the District.
8. Destroying, removing or inappropriately using of records, furniture, fixtures or equipment.
9. Failing to provide financial records to authorized state or local entities.
10. Failure to cooperate fully with any financial auditor, investigators or law enforcement.
11. Any other dishonest or fraudulent act involving District monies or resources.

The District will seek to prevent and detect in an early stage any embezzlement of District funds by looking for the following tell-tale signs of embezzlement:

1. false invoices
2. overbilling the district for maintenance items
3. checks issued to fictitious companies
4. check ledger containing duplicate entries
5. checks written by business office staff to their personal accounts
6. checks mailed to residences or P.O. boxes of administrators or business office staff
7. forged signatures
8. unauthorized use of a signature stamp
9. income that is understated
10. expenses that are overstated
11. payments to unaccredited schools that issue phony academic credentials
12. payments of salary increments based on having phony academic credentials issued by unaccredited schools

## **Business and Non-Instructional Operations**

### **Accounts**

#### **Fraud Prevention and Investigation** (continued)

The Superintendent or designee shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent or designee shall issue a report to appropriate personnel and to the Board of Education. The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. The result of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate right to know.

In addition, the District will take the following steps to protect funds and property from theft:

1. label all goods, materials, and equipment
2. establish adequate controls to account for their location, custody, and security
3. annually audit the inventory of equipment
4. update a listing of such equipment to reconcile the audit with the District's inventory system
5. document and account for any transfers and/or disposals of equipment

Regulation approved:

cps 11/04  
rev 4/11

\_\_\_\_\_ **Public Schools**  
\_\_\_\_\_, **Connecticut**

**Code of Conduct and Ethical Behavior**

*(for employees with financial and/or accounting responsibilities)*

As an employee of the District and recognizing the trust placed in me by the elected representatives of the community, I agree to adhere to the following:

1. Recognize the Board's intent that the District operate in a culture of honesty and ethical behavior and to do all in my power to further that goal;
2. Comply with all laws, rules, regulations and court orders of the State of Connecticut and of the United States, as well as Board policy addressing conflicts of interest and other fiscal matters;
3. Practice good stewardship of the District's financial property resources, including reporting of fraudulent expenditures;
4. Support and follow sound business practices to the best of my ability and in keeping with job-related training;
5. Maintain and protect all District financial records;
6. Perform my job with the highest attention to detail to minimize and prevent error, falsification of accounting records, and omission of transactions;
7. Report knowledge of fraud or suspected fraud, including intentional misstatements and omissions of amounts or disclosures;
8. Guard against misappropriation of assets, particularly theft of the District's assets; and
9. Resist incentives, pressures, and negative attitudes that detract from performance of my responsibilities.

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Position*

\_\_\_\_\_  
*Date*

*It is recommended that each employee with financial/accounting responsibilities sign this document. The signed document is to be placed in the employee's personnel file.*