

Reporting Financial Fraud and Abuse

Background

The “Reporting Financial Fraud and Abuse” policy is established to facilitate the development of controls which will aid in the detection and prevention of financial fraud against the District. This policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, volunteers, and/or any other parties with a business relationship with the Logan City School District.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the District.

Responsibility for Fraud Prevention

Fraud is 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. All employees in the District are responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Each employee will be familiar with the types of financial improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any financial fraud that is detected or suspected must be reported immediately to an employee's supervisor, who will then communicate with the Business Administrator. If the employee's supervisor is the subject of the fraud allegation, the employee should report the suspected fraud directly to the Business Administrator.

Actions Constituting Fraud

The terms theft, misuse, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the District
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of district activities
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the District, greater than \$50 in value

Investigation Responsibilities

The Business Administrator has the primary responsibility for the investigation of all suspected fraudulent financial acts as defined in the policy. Prior to investigating allegations of fraud, the Business Administrator will notify the Superintendent of the investigation. If the investigation substantiates that fraudulent activities have occurred, the Business Administrator will report those findings to the Superintendent and to the Board of Education.

If the Business Administrator is the subject of fraud allegations, the Superintendent will have the primary responsibility for the investigation.

If the Business Administrator and Superintendent are both the subject of the fraud allegations, the Board of Education will contract outside legal counsel to conduct the investigation.

Confidentiality of Information

The Business Administrator treats all information received confidentially. Any employee who suspects dishonest or fraudulent financial activity will notify their supervisor immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. The supervisor will contact the Business Administrator for guidance regarding the appropriate steps to take

In order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect the District from potential civil liability, investigation results will only be disclosed or discussed with appropriate personnel, as determined by the Business Administrator and Superintendent.

Authorization for Investigating Suspected Fraud

Within of scope of an investigation, individuals conducting the investigation will have:

- Free and unrestricted access to all District records and premises
- 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 may use or have custody of any such items or facilities

Reporting Procedures

- An employee who discovers or suspects fraudulent activity will communicate the discovery with their immediate supervisor. The supervisor will immediately contact the Business Administrator
- The identity of the complainant will not be shared with the person who is the subject of the investigation
- All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer shall be directed to the Business Administrator
- No information concerning the status of an investigation will be given out
- If the investigation substantiates that fraudulent activities have occurred, the Business Administrator will report those findings to the Superintendent and to the Board of Education.
- If fraudulent activities are committed by consultants, vendors, contractors, volunteers and/or other parties with a business relationship with the District the Board will decide the preferred response, including possible legal action.

The complainant should not:

- Contact the suspected individual in an effort to determine facts or demand restitution
- Discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Business Administrator

Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed by the Business Administrator, Superintendent, Director of Human Resources and, if necessary, by outside counsel.