

PENN MANOR SCHOOL DISTRICT

ADMINISTRATIVE REGULATION

APPROVED: August 19, 2013

REVISED:

828-AR-0. FRAUD

The Board expects Board members, district employees, volunteers, consultants, vendors, contractors and other parties maintaining a business relationship with the district to act with integrity, due diligence and in accordance with law and regulations in dealings involving the district's assets and fiscal resources. The district is entrusted with public dollars, and no individual connected with the district should do anything to erode that trust.

A copy of applicable Board policy and administrative regulations will be made available through the district website to employees with fiscal accounting and/or money handling responsibilities.

Internal Controls

Internal controls are checks and balances to help prevent fraud, waste and abuse.

The Superintendent or designee will implement and maintain a system of internal controls as safeguards to provide assurance regarding the effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations, Board policy and district administrative regulations.

Internal controls implemented to aid in the prevention and detection of fraud, financial impropriety or irregularity within the district may include, but not be limited to, the following:

1. Segregation Of Duties Relating To Authorization, Custody of Assets, Recording Or Reporting Transactions – Where possible, more than one (1) employee will be involved in pieces of financial transactions; no one employee will be responsible for an entire financial transaction.
2. Payments – Payments will be made only by checks; no cash transactions will be permitted. The Board will annually approve check signers, which will consist of individuals not involved in the transaction. All checks will have at least three (3) signers.
3. Bank Reconciliations – Bank statements and cancelled checks will be reconciled by employees who are not authorized to sign checks and are not involved in check processing.
4. Access To Checks – Physical and electronic access to district checks and accounts will be limited to those employees with designated business functions.

5. Capital Assets – The Business Office will maintain updated lists of district capital assets.
6. Job Descriptions – Written, detailed job descriptions will explain and assign specific and segregated job functions.
7. Training – Administrators will be responsible to ensure that employees under their supervision receive continuous training pertinent to fraud prevention.

The Superintendent or designee will recommend any necessary revisions to Board policies or administrative regulations.

Staff Responsibilities

The district will operate in a culture of honesty and ethical behavior, with employees held responsible for their behavior and actions.

All employees who supervise or prepare district financial reports or transactions are responsible to actively monitor and be alert to any indication of fraud, financial impropriety or irregularity within their area of responsibility, and to immediately report their suspicions to the Superintendent.

All employees are required to immediately report to the Superintendent any suspicion of fraud, financial impropriety or irregularity. The district will not tolerate any form of reprisal, retaliation or discrimination against any employee who reports such a legitimate concern or suspicion.

The Superintendent or designee will inform employees with financial and/or accounting responsibilities about the following established anti-fraud employee standards:

1. Practice good stewardship of district financial resources, including timely reporting of fraudulent expenditures.
2. Support and adhere to sound business practices to the best of their ability and in keeping with assigned job functions and training.
3. Maintain and protect required financial records and reports.
4. Perform job functions with attention to detail to minimize and prevent error, falsification of records and omission of transactions.
5. Guard against misappropriation of assets.
6. Refuse to reveal to unauthorized individuals the investment activities engaged in or contemplated by the district.
7. Resist incentives, pressures, and negative attitudes that detract from performance of assigned responsibilities.

8. Report knowledge of fraud or suspected fraud, including intentional misstatements and omissions of amounts or disclosures.
9. Do not alter, destroy, mutilate, conceal, cover up or falsify any record or document with the intent to impede, obstruct or influence an investigation.

Employees who violate Board policy and/or administrative regulations are subject to discipline up to and including termination, and referral for prosecutions when appropriate.

Investigation

The Superintendent has primary responsibility for promptly conducting necessary investigations of reported fraudulent activity. If the Superintendent is involved in the complaint, the Board President will be responsible to conduct the investigation instead of the Superintendent.

Based on his/her judgment, the Superintendent will coordinate investigative efforts with any of the following:

1. District solicitor.
2. District auditor.
3. Insurance agent.
4. Internal department staff.
5. Law enforcement officials.
6. External agencies.

The Superintendent will maintain written records of an allegation and its investigation.

The Superintendent will investigate reports of fraudulent activity in a manner that protects the confidentiality of individuals and facts, including the identity of the employee making the report, except when doing so interferes with the investigation of the specific allegation or taking corrective action. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in the investigation will be informed about their responsibility and are required to maintain confidentiality regarding all information about the matter.

The Superintendent will submit to the Board and appropriate individuals a written report of the findings of an investigation and any responsive action recommended by the administration.

The Board and Superintendent will determine the final disposition of the matter.

If an employee is found to have committed fraud or financial impropriety, the Superintendent will recommend appropriate disciplinary action, which may include termination of employment.

If a contractor or vendor is found to have committed fraud or financial impropriety, the Superintendent will recommend appropriate action, which may include cancellation of the district's relationship with the contractor or vendor.

When circumstances warrant, the Board and Superintendent may refer matters to appropriate law enforcement or regulatory agencies for independent investigation. In cases involving monetary loss to the district, the district may seek to recover lost or misappropriated funds.

The Board and Superintendent will consult with legal counsel prior to determining final actions regarding findings of fraud or financial impropriety.

Individuals found to have altered, destroyed, mutilated, concealed, covered up or falsified records or documents pertinent to an investigation are subject to disciplinary action.

After an investigation substantiates a report of fraud or financial impropriety, the Superintendent will analyze conditions and/or factors that may have contributed to the fraudulent or improper activity, and will ensure that administrative regulations, internal controls and/or financial procedures are developed or revised and implemented to prevent future misconduct. The Superintendent will present such recommendations to the Board.