

Fraud Prevention

All employees, Board 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 information.
- Violating Board conflict of interest policies.
- Mishandling financial records or District assets (destroying, removing, or misusing).

STAFF RESPONSIBILITIES

Employees who suspect 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. If the Superintendent is an alleged party in the fraud complaint, provision shall be made for addressing the complaint to the Board chairperson.

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, rules, regulations and court orders of the Commonwealth of Kentucky and of the United States, as well as Board policy addressing fiscal matters.
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;

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STAFF RESPONSIBILITIES (CONTINUED)

- 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.

REFERENCES:

Governmental Accounting Standards
[KRS 7.410](#); [KRS 158.155](#)
[725 KAR 001:030](#); [KRS 171.420](#)
[Records Retention Schedule, Public School District](#)

RELATED POLICIES:

01.61
03.17/03.27
03.1721/03.2721
04.8; 04.81

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