

New June 2016

702.1 FISCAL MANAGEMENT GOALS AND OBJECTIVES; FINANCIAL ETHICS

I. PURPOSE

The purpose of this policy is to provide guidance to the school district in complying with the use, oversight, and the investigation/reporting process of fraudulent procedures as they apply to state and federal funding.

II. GENERAL STATEMENT OF POLICY

As trustee of local, state, and federal funds allocated for use in public education, the St. Charles Public School board and employees will be vigilant in fulfilling the responsibility to see that these funds are used wisely for achievement of the purpose for which they are allocated.

II. REFERENCES FOR CURRENT ST. CHARLES POLICIES INVOLVING ETHICS, CONFLICTS OF INTEREST, COMPLIANCE, AND MONITORING

All Trustees, employees, vendors, contractors, agents, consultants, and volunteers, and any other parties who are involved in the St. Charles Public School's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

Note: See the following policies and/or administrative regulations regarding conflicts of interest, ethics, and financial oversight:

A. Code of Ethics:

1. For Board members – St. Charles School District Policy 209
2. For administrators – St. Charles School District Policy 306
3. For employees St. Charles –School District Policy 403

B. Financial Conflicts of Interest:

1. For public officials – St. Charles School District Policy 210
2. For all employees – St. Charles School District Policy 802
3. For vendors – St. Charles School District Policy 802

C. Compliance with State and Federal Grant and Award requirements: St. Charles School District Policy – 702.2

D. Financial conflicts and gifts and gratuities regarding federal funds – St. Charles School District Policies 421, 702.2

- E. Systems for monitoring the District's investment program – St. Charles School District Policy 705
- F. Budget planning and evaluation - St. Charles School District Policies 701, 701.1
- G. Compliance with accounting regulations – St. Charles School District Policy 702
- H. Activity fund management – St. Charles School District Policies 511, 713, 714
- I. Disciplinary action for fraud by employees – St. Charles School District Policy 403
- J. Criminal history record information for employees: St. Charles School District Policy 404

III. FRAUD AND FINANCIAL PROPERTY DEFINITION

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, agents, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include, but not limited to:

- A. Forgery or unauthorized of any document or account belonging to the District.
- B. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
- C. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
- D. Impropriety in the handling of money or reporting of District financial transactions.
- E. Profiteering as a result of insider knowledge of District information or activities.
- F. Unauthorized disclosure of confidential or proprietary information to outside parties.
- G. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
- H. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy. [See Policy 702.2 and Policy 210]
- I. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
- J. Failure to provide financial records required by federal, state, or local entities.
- K. Failure to disclose conflicts of interest as required by law or District policy.
- L. Any other dishonest act regarding the finances of the District.

M. Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards. [See Policy 702.2]

IV. FINANCIAL CONTROLS AND OVERSIGHT

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

V. FRAUD PREVENTION REPORTS

The Superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District.

Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board Chair, or local law enforcement.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

VI. PROTECTION FROM RETALIATION

Neither the Board nor any District employee shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety. [Reference: MS§ 363A.15 Reprisals, MS§ 181-931 et seq.]

VII. FRAUD INVESTIGATION

In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent, Board Chair, or a designee shall promptly investigate reports of potential fraud or financial impropriety.

VIII. RESPONSE

If an investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration.

If an employee is found to have committed fraud or financial impropriety, the Superintendent or designee shall take or 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

District shall take appropriate action, which may include cancellation of the District’s relationship with the contractor or vendor.

When circumstances warrant, the Board, Superintendent, or designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the District, the District may seek to recover lost or misappropriated funds.

IX. FEDERAL AWARDS DISCLOSURE

The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.

X. ANALYSIS OF FRAUD

The District shall disclose, in a timely manner in writing to the federal awarding agency or pass-through entity, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting a federal grant award. [See Policies 702.2 and Policy 210]

After any investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent or designee shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Board for review.

Approved on the first reading: May 9, 2016

Approved on the second reading: June 13, 2016