

## ***BOARD POLICY***

***No. 3435***

### ***3000 – BUSINESS***

#### ***3435 Fraud Policies and Procedures***

This Fraud Policy was created:

To establish policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries;

To strengthen the public's confidence in the integrity of municipal government employees by establishing a formal process for reporting investigating, and resolving cases of fraud and abuse;

To raise the awareness of municipal officials/employees to integrity-related issues by initiating integrity-related programs and policies throughout District Departments; and

To provide guidance and assistance to District Administrators and Department coordinators concerning recommendations for specific integrity related issues that emphasize prevention, detection and correction of fraud, corruption, and abuse within their organizations.

#### **Definition of Terms:**

Fraud is understood to mean a dishonest and deliberate course of action which results in the obtaining of money, property or an advantage to which the recipient would not normally be entitled: This would include:

- Theft, misuse, or diversion of money, equipment and/or materials;
- Worker's compensation fraud;
- Intentional failure to report damage;
- Intentional failure to provide product or services that are a part of your job;
- Intentional misrepresentation of the District's or governmental policies;
- Payroll falsification (theft of time)

Abuse entails the exploitation of "loopholes" to the limits of the law, primarily for personal advantage. For example, an employee abuses a system of travel allowances by intentionally and unnecessarily scheduling meetings in another district on a Friday afternoon and on the following Monday morning in order to claim per diem over a weekend.

#### **I. GENERAL**

- A. The Regional School District 8 is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the Regional School District 8 to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the District and, when appropriate, to pursue legal remedies available under the law.

#### **B. Definitions**

1. Fraud – Fraud includes, but is not limited to:

- a. Claim for reimbursement of expenses that are not job-related or authorized by the current bargaining agreement.
    - b. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).
    - c. Misappropriation of District assets (funds, securities, supplies; furniture, equipment, etc.)
    - d. Improprieties in the handling or reporting of money transactions.
    - e. Authorizing or receiving payment for goods not received or services not performed.
    - f. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned software.
    - g. Misrepresentation of information on documents.
    - h. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.
  2. Employee – In this context, employee refers to any individual or group of individuals who receive compensation, either full- or part-time, from Regional School District 8. The term also includes any volunteer who organized to the District through an arrangement with the District or a District organization.
  3. Management – In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources.
  4. State of Connecticut Troopers and Superintendent of Schools – In this context, State of Connecticut Resident Trooper and the Superintendent of Schools or his/her designee refers to the persons who shall investigate credible claims of fraud.
  5. External Auditor – In this context, External Auditor refers to independent audit professionals who perform annual audits of the District's financial statement.
- C. It is the District's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the District of any party who might be or become involved in or becomes the subject of such investigation.
- D. Each department of the District is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
- E. The Superintendent of Schools, in conjunction with the District's Attorney, will have primary responsibility for the investigation of all activity as defined in this policy. This includes the assistance of State of Connecticut Troopers and, the Business Manager.
- F. Throughout the investigation, the Superintendent of Schools will inform the Business Manager and Board of Education of pertinent investigative findings.
- G. Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the District nor any person acting on behalf of the District shall:
1. Dismiss or threaten to dismiss the employee,
  2. Discipline, suspend, or threaten to discipline or suspend the employee,

3. Impose any penalty upon the employee, or

4. Intimidate or coerce the employee.

Violations of the whistle-blower protection will result in discipline up to and including dismissal.

H. Upon conclusion of the investigation, the results will be reported to the Superintendent of Schools, and the Board of Education.

I. The Superintendent of Schools, following review of investigation results, shall take appropriate action regarding employee misconduct. Disciplinary action can include terminations, referral of the case to the State's Attorney for possible prosecution.

J. The District's will pursue every reasonable effort, including court ordered restitution, to obtain recovery of District's losses from the offender, or other appropriate sources.

## II. PROCEDURES

### A. Superintendent of Schools Responsibilities

1. If the Superintendent of Schools has reason to suspect that a fraud has occurred, he or she will notify the District's Attorney, State of Connecticut Troopers, and the Business Manager and/or insurance company.
2. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the Superintendent of Schools, State of Connecticut Resident Trooper or his/her designee, or the District's Attorney.

### B. Management Responsibilities

1. Management is responsible for being alert to, and reporting fraudulent or related dishonest activities in their areas of responsibility.
2. Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area.
3. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
4. If management determines a suspected activity may involve fraud or related dishonest activity, they should contact their immediate supervisor (or contact the District's Attorney or Superintendent of Schools if the supervisor is involved).
5. Department Heads should inform the Superintendent of Schools immediately upon learning of a credible allegation of fraud (or contact the District's Attorney or State of Connecticut Resident Trooper if the Superintendent of Schools is implicated).
6. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
7. Management should support the District's responsibilities and cooperate fully with the Superintendent of Schools, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
8. Management must give full and unrestricted access to all necessary records and personnel. All District furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.
9. In dealing with suspected dishonest or fraudulent activities, great care must be taken.

Therefore, management should not:

- a. Make unfounded accusations.
  - b. Alert suspected individuals that an investigation is underway.
  - c. Treat employees unfairly.
  - d. Make statements that could lead to claims of false accusations or other offenses.
10. In handling dishonest or fraudulent activities, management has the responsibility to:
- a. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.
  - b. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the District, unless specifically directed to do so by the District’s Attorney.
  - c. Avoid discussing the case with anyone inside the District other than employees who have a need to know such as the Superintendent of Schools, Business Manager or District’s Attorney or law enforcement personnel.
  - d. Direct all inquiries from the suspected individual, or his or her representative, to the District’s Attorney. All inquiries by an attorney of the suspected individual should be directed to the District’s Attorney. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the Superintendent of Schools, Police Resident Trooper for the State of Connecticut or his/her designee, and the District’s Attorney.
  - e. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the Superintendent of Schools and the District’s Attorney, in conformance with the District’s Personnel Policies and Procedures or the appropriate bargaining document.

#### C. Employee Responsibilities

1. A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee’s supervisor for reporting to the proper management official.
2. When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management or contact the District’s Attorney or the Business Manager.
3. The reporting employees shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the Town Manager or law enforcement personnel.

### III. EXCEPTIONS

There are no exceptions to this policy unless provided and approved by the Superintendent of Schools and the District’s Attorney.

#### Legal References

ADOPTED: October 2021