

Operational Services

Fraud Prevention

The District, which derives a significant proportion of its income from public funds, has a particular responsibility to ensure that income and resources are used solely for the purposes intended. The objective of the Fraud Prevention Policy is to safeguard the proper use of the District's finances and resources against fraudulent acts.

This policy applies to all schools, departments, and facilities within the District.

Definition of Fraud

For the purposes of this policy, fraud is an intentional deception designed to obtain a benefit or advantage or to cause some benefit that is due to be denied. Examples of fraud include:

- Falsification of use of grant proceeds;
- Forgery or unauthorized alteration of any financial document;
- Falsification of travel expenses and/or utilizing District funds to pay for personal expenses or for personal benefit;
- Theft;
- Embezzlement;
- Falsification of expenses and invoices;
- Falsification of time and/or work records;
- Misappropriation of funds, securities, supplies, or other District assets;
- Impropriety in the handling of money or reporting of District financial transactions;
- Unauthorized disclosure of confidential or proprietary information or profiteering as a result of insider knowledge of District operations;
- Destroying, removing, or inappropriately using records, furniture, fixtures, or equipment; and
- Failure to disclose conflicts of interest as required by policy.

For the purposes of reporting fraud, the District considers a person acts fraudulently when the individual acts with the intent of making a financial gain or causing a financial loss or exposing another to the risk of financial loss.

This includes:

- Making a false representation
- Failing to disclose information which the individual is under a legal duty to disclose

- Occupying a position in which the individual is expected to safeguard, or not to act against, the financial interest of the District, and abusing that position of trust.

Any person may be regarded as having abused their position even though their conduct consisted of an omission rather than an act.

General Policy and Responsibilities

The Superintendent or designee is responsible for investigating any suspected acts of fraud or misappropriation of property. An objective investigation will be conducted of any person reasonably believed to have committed fraud, regardless of: position, job title, and length of service or relationship with the District.

All employees, upon discovery of any violation of this policy, must notify the Superintendent or designee of the violation through the normal chain of command. The Superintendent will involve such individuals, but not limited to: the Chief Financial Officer, Executive Director of Finance, Chief Human Resources Officer, General Counsel and others deemed appropriate.

Upon conclusion of the investigation, if there are reasonable grounds to believe that fraud may have occurred, the Superintendent or designee may report the incident(s) to the appropriate authorities. Whatever action is taken by such appropriate authorities will not preclude the District from taking disciplinary action where it believes discipline is warranted. Every reasonable effort will be pursued to recover District assets.

Procedures for Reporting

Any District employee who has knowledge of an occurrence of fraudulent conduct, or has reason to suspect that fraud has occurred, shall notify the Superintendent or designee. In cases where the employee has reason to believe the Superintendent is involved, the employee shall notify the General Counsel. Where both the Superintendent and General Counsel are believed to be involved, the employee shall notify the Chief Human Resources Officer.

Investigation

Once notification or discovery of a suspected fraud has occurred, the Superintendent or designee will immediately investigate the suspected fraud and will make every reasonable effort to maintain confidentiality. Where the Superintendent is involved in the report of fraud, the investigation will be conducted by the General Counsel. Where the Superintendent and General Counsel are involved in the report; the investigation will be conducted by the Chief Human Resources Officer and the appropriate authorities.

Personnel Actions

If a suspicion of fraud is substantiated by the investigation, the Superintendent or designee shall take disciplinary action, up to and including dismissal and appropriate

legal action. Such disciplinary action may be taken independent of any findings and conclusions reached by any appropriate authority to which the fraud allegations are reported.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If however, the allegation was made in bad faith or without a justifiable basis, appropriate disciplinary action may be taken against the individual making the erroneous allegation up to and including termination. All participants and all persons questioned in a fraud investigation will keep the details and results of the investigation confidential so as not to violate the individual's expectation of privacy.

Recovery of Losses

Recovering financial losses is a major objective of any fraud investigation. The Chief Financial Officer shall ensure that, in all fraud investigations, there is the quantification of the amount of any loss. The District will seek the repayment of losses in all cases. Where the loss is substantial, the District will obtain legal advice about recovering losses.

Procedures to Prevent and Detect Fraud

In order to achieve these objectives, the District has in place the following framework to prevent and protect the District:

1. An effective system of internal financial and management controls detailed in the District's Financial Services Manual. The Financial Services Manual prescribes procedures and includes the segregation of duties, in particular with regard to the procurement of, and payment to, creditors, for the supply of goods, services, and contracts.
2. An annual financial statutory audit conducted by an approved firm of chartered accountants.
3. Budget holders are aware of and expected to adhere to the financial regulations and informed judgments and decisions, and must at all times receive the appropriate authorizations prior to committing to expenditures.
4. Employees are encouraged to report suspicions or concerns as prescribed in the policy.

LEGAL REF.: 5 ILCS 430/5-5 et seq., 105 ILCS 5/22-5

CROSS REF.: 2.105, 5.120

Adopted: March 22, 2016