

CHAPTER 16 - FRAUD PROCEDURE

Purpose

The School District of Volusia County is committed to protecting its financial resources, property, information and other assets from any attempt to gain by deceit, financial or other benefits. This procedure establishes specific guidelines and responsibilities regarding appropriate actions that must be followed for detecting and reporting fraud or other similar irregularities.

Definitions

Fraud and other similar irregularities include, but are not limited to:

- Forgery or alteration of documents (checks, time sheets, agreements, purchase orders, purchasing card transactions, budgets, etc.).
- Misrepresentation of information on documents.
- Misappropriation of funds, securities, supplies or other assets.
- Any intentional irregularity in the handling or reporting of financial transactions.
- Theft, disappearance, or destruction of any asset.
- Accepting a gratuity, gift, or favor that might influence professional judgment.
- Unauthorized use or misuse of the District's assets.
- Knowingly authorizing or receiving payments for goods not received or services not performed.
- Knowingly authorizing or receiving payment for hours not worked.
- Any violation of Federal, State, or local laws related to dishonest activities or fraud.
- Any similar or related activity.

Fraud Hotline

The School District of Volusia County will provide a fraud hotline (386-738-8650 or toll free 866-283-5699) operated by Professional Standards to enhance awareness regarding the prevention and detection of any fraudulent activity. Employees, the general public and anyone doing business with the District can call the hotline number to report suspected fraud. All calls will be handled in confidence.

Roles and Responsibilities

The conditions of this procedure apply to any irregularity, suspected or observed, involving a Volusia County School District employee. Any investigation required shall be conducted without

regard to the employee's length of service, position, title, or relationship with the District. Identification of allegations of personal improprieties, whether moral, ethical, or behavioral, shall be responded to by management and reported to the Professional Standards Department.

Management

School District of Volusia County management shall be familiar with the content of this procedure and the types of improprieties that could occur within their areas of responsibility and shall be alert for any indication of irregularity. Management is responsible for establishing and implementing internal controls that will detect improper activity, misappropriation, or dishonest activity. Management shall also be responsible for implementing required procedures to assure the safety and security of the District's property, financial resources, data, and other assets. Any irregularity that is detected or suspected by any staff member shall be reported immediately to the Professional Standards Department.

All Employees

Any employee who has knowledge of an occurrence of employee dishonesty, theft, or fraud, or has reason to suspect that an event has occurred, shall immediately notify his or her supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify the Professional Standards Department directly or by the fraud hotline. The employee shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than his or her supervisor, principal, department director, or the officials conducting the investigation. Allegations will be treated with the highest degree of sensitivity and confidentiality. Employees who knowingly make false allegations will be subject to discipline up to and including dismissal.

Supervisors

Upon receipt of information, or reason to suspect, that an employee may be involved in theft or fraud, the supervisor shall notify his or her immediate supervisor, and Professional Standards. If there is reason to suspect that the immediate supervisor or a person higher in the chain of command is involved, the matter shall be reported directly to the Professional Standards Department. The supervisor shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than those to whom a report shall be made, Professional Standards and the officials conducting the investigation.

Principals, Managers, Directors, Assistant Superintendents, Area Superintendents

Upon receipt of information, or reason to suspect, that an employee may be involved in fraud, the principal, manager, or director shall notify the appropriate director or assistant and /or area superintendent. The director or assistant and or area superintendent shall notify the Professional Standards Department

Professional Standards Department

Upon notification or discovery of a suspected fraud, the Professional Standards Department will investigate the fraud. The Director of Professional Standards, with the approval of the Superintendent or his designee, will determine the status of an employee who becomes the subject of a fraud investigation. The investigation may involve a coordinated effort by District personnel and law enforcement. It may also involve attorneys, security personnel, and other specialists from inside or

outside the School District of Volusia County. The Professional Standards Department shall inform Insurance and Employee Benefits that an investigation is under way and state the amount of suspected loss (if known) for insurance purposes.

Insurance and Employee Benefits Department

When there is sufficient evidence to warrant a criminal investigation, the Insurance and Employee Benefits Department shall immediately notify the current commercial crime insurer, in writing, of a possible loss situation. The Insurance and Employee Benefits Department shall interpret all reporting requirements under the current commercial crime policy, convey requirements to other appropriate School District of Volusia County personnel, and ensure that the requirements are satisfied.

Financial Services Department

The Financial Services Department shall assist in establishing and monitoring internal controls over cash management that will detect and or prohibit fraud, embezzlement, misappropriation, or other irregularities to financial resources or data.

Community Information Services Department

All contact with the media shall be coordinated through the Director of Community Information Services.

Security of Records

To ensure a successful investigation, all documentation relating to the incident must be available for review in its original form. Once a suspected fraud is reported, principals, managers, directors, or other authorized personnel shall take necessary action to prevent the theft, alteration, or destruction of relevant records. Such actions may include, but are not limited to, removing the records and placing them in a secure location, limiting access to the location(s) where the records currently exist, and preventing the individual(s) suspected of committing the fraud or embezzlement from having access to the records. The records must be adequately secured until obtained from the investigation team.

Accounting for Loss, Restitution, and Recovery

The department/school incurring the loss from a dishonest or fraudulent act will normally suffer the loss until the monies can be recovered through insurance or restitution.

Confidentiality

Great care shall be taken in the investigation of allegations of fraudulent activity to avoid mistakenly accusing individuals or alerting suspected individuals that an investigation is underway.

Personnel Actions

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal, shall be taken in conformance with the School District of Volusia County's personnel

policies and procedures. A false and malicious allegation of fraud is a violation of this procedure. All violations of this procedure, including violations of the confidentiality provision, shall result in disciplinary action up to and including dismissal.

Whistle Blower Protection

No person acting on behalf of the Superintendent shall:

- dismiss or threaten to dismiss an employee;
- discipline or suspend or threaten to discipline or suspend an employee;
- impose any penalty upon an employee; or
- intimidate or coerce an employee,

because the employee has acted in accordance with the requirements of this procedure. Violation of this section will result in discipline up to and including dismissal.

Media Issues

Any employee contacted by the media with respect to an investigation shall refer the media to the Director of Community Information Services.