

FISCAL MANAGEMENT GOALS AND OBJECTIVES
FINANCIAL ETHICS

CAA
(REGULATION)

FRAUD REPORTING As in every organization, there exists the ongoing possibility of fraud, waste, and abuse in conducting business. One purpose of this administrative regulation is to establish an anonymous hotline reporting process for District employees, vendors, and other individuals to confidentially report situations of fraud, waste, or abuse that they have knowledge of or may witness.

RESPONSIBILITIES All employees and vendors of the District have a responsibility and duty to report incidents of fraud, waste, or abuse they have knowledge of or witness. Examples of items to report include, but are not limited to:

- Falsification of official documents;
- Making expenditures that violate state laws or the District's procurement policies;
- Employees directing district business to dummy companies owned by family members of friends;
- Using District-owned vehicles, equipment, supplies or other resources for personal use;
- Conducting personal business on District time;
- Employees who have responsibility for exercising discretion in connection with contracts, purchases, payments, claims, or other financial transactions who may be involved in soliciting or accepting gifts from persons conducting business with the District;
- Conflicts of interest involving employees or vendors that allow the possibility of direct or indirect personal gain to influence the employee's or vendor's judgment or actions in the performance of duties and responsibilities;

Information to report includes:

- Circumstances of the incidents including dates, times, names and places;
- Offices and individuals involved;
- Location of any physical evidence;
- Names and telephone numbers of credible witnesses;
- Caller's name and telephone number, if choosing not to remain anonymous;

Examples of items that should not be reported through the fraud hotline include but are not limited to:

- Complaints or grievances involving wages, working conditions, discrimination, other personnel issues, and issues of general dissatisfaction;

The District's chief financial officer will establish the anonymous hotline reporting process and will review each hotline complaint and determine appropriate action to be taken. Consideration will be given to the nature and substance of the complaint, the District's potential risks, and the availability of supporting investigative resources. The chief financial officer will ensure that significant findings disclosed during reviews and investigations of hotline complaints are reported to the appropriate levels of management for corrective action. The Superintendent will be informed of all corrective actions as well as of all opportunities to improve internal controls. A log of each complaint and corrective action shall be maintained for audit review.

Supervisors and administrators will fully cooperate with efforts to investigate hotline complaints. Appropriate and consistent actions shall be taken against individuals who commit fraud, waste, or abuse. Communications and training will be provided to reinforce the District's policies and procedures. Options for fraud deterrence shall be considered such as publicizing non-specific examples of fraud. All corrective actions taken shall be reported to the chief financial officer.

OTHER
REQUIREMENTS

"Brainstorming" sessions will be conducted at least annually by the District's administrative team to discuss how and where the organization's financial statements might be susceptible to material misstatement due to fraud.

External auditors will gather information at least annually that is necessary to identify risks of material misstatement due to fraud.

External auditors will use the information that is gathered to identify risks that may result in a material misstatement.

External auditors will evaluate the organization's programs and controls that address the identified risks of material misstatement.

External auditors will assess the risks of material misstatement due to fraud throughout the annual financial audit and evaluate at the completion of the audit whether the accumulated results of auditing procedures and other observations affect the assessment.

External auditors will communicate any evidence of fraud to the Superintendent of Schools or designee(s).

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DEFINITIONS

Fraud is defined as an intentional act that results in a material misstatement in financial statements. Two types of fraud are considered: misstatements arising from fraudulent financial reporting such as falsification of accounting records and misstatements arising from misappropriation of assets from such intentional acts as theft of assets or fraudulent expenditures.

Waste is defined as the intentional, thoughtless or careless expenditure, consumption, and use or squandering of District resources.

Abuse is defined as the intentional destruction of District-owned resources or the use of District-owned resources in a manner contrary to their purpose under law or policy.

Anonymous is defined as not requiring details of identity and not expending efforts to identify the caller.

Confidential is defined as restricting details of a person's identity and not divulging a person's identity to any other person unless a person agrees or unless required to do so by law.

GOALS

The purpose and goal of this regulation is to stress the importance of and strongly encourage integrity and diligence in duties involving the District's fiscal resources.

OUTSIDE ASSISTANCE

Some fraud-related issues may be difficult or impossible for in-house investigators to resolve. The District will contact an outside consultant to conduct an investigation when problems persist. District personnel familiar with the District's business will be available to assist an outside consultant at any time during the onsite investigation.

RESULTS FROM
OUTSIDE ASSISTANCE

Results from any external investigation shall be reported in a timely manner to the chief financial officer who will subsequently report to the Superintendent and other supervisors and/or administrators as appropriate.