

Buffalo Lake-Hector-Stewart Schools Policy #723

FRAUD POLICY

BACKGROUND

The BLHS fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against BLHS. It is the intent of BLHS to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

SCOPE OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as board members, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with BLHS. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to BLHS.

POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. However, all staff are required to report suspected fraud. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. All BLHS staff should familiarize themselves with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity. Any irregularity that is detected or suspected must be immediately reported to the BLHS. Executive Director, who will coordinate all investigations with the Executive Committee and other affected areas or parties, both internal and external. If it is known or suspected that fraud may have been committed by the Executive Director, then the suspecting party of BLHS staff or board member should immediately report to either the Chairperson or the Treasurer of the BLHS board.

ACTIONS CONSTITUTING FRAUD

For the purposes of this policy, Fraud may refer to, but is not limited to:

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Disclosing confidential and proprietary information to outside parties
- Disclosing securities activities engaged in or contemplated by the BLHS to outside parties
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the BLHS, apart from promotional items of nominal value (\$25 or less), as specified in the BLHS's employee handbook
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity

OTHER IRREGULARITIES

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the BLHS Executive Director and/or the BLHS Executive Committee. If there is any question as to whether an action constitutes fraud, contact the BLHS Executive Director for guidance; if the act or suspected act involves the BLHS Executive Director, contact the BLHS Board Chairperson or BLHS Board Treasurer.

INVESTIGATION RESPONSIBILITIES

The BLHS Executive Director is primarily responsible for the investigation of all suspected fraudulent acts, as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the BLHS Executive Director will issue reports to appropriate designated personnel and, if appropriate, to the BLHS Board of Commissioners through the BLHS Executive Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, the BLHS Executive Director, and BLHS Executive Committee, as will final decisions on the disposition of the case.

CONFIDENTIALITY

The BLHS Executive Director and BLHS Executive Committee will treat all information received confidentially. Any employee, board member, or other party who suspects dishonest or fraudulent activity must report this suspicion to the most appropriate party, as described in this policy, immediately. At no time should an BLHS staff, board member, or other party attempt to personally conduct fraud investigations or interviews/interrogations (see REPORTING PROCEDURE section below). Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the BLHS from potential civil liability.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

The BLHS Executive Director and BLHS Executive Committee, during the Fraud Investigation, will have:

- Free and unrestricted access to all BLHS records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their fraud investigation.

REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid false accusations or alerting suspected individuals of in-process investigations. Any person who discovers or suspects fraudulent activity will contact the BLHS Executive Director immediately. If there is reason to suspect the BLHS Executive Director of fraudulent activity, then either the BLHS Board Chairperson or BLHS Board Treasurer should be contacted. The employee or other complainant reporting the suspicion may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the BLHS Executive Director or the BLHS Executive Committee. No information concerning the status of an investigation will be given out. The proper response to any internal or external inquiry is: "I am not at

liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference. The reporting individual will be informed of the following:

- Do not contact the suspected individual to determine the facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the BLHS Executive Director, the BLHS Executive Committee or BLHS legal counsel.

Whistleblower Policy

BLHS will not retaliate against anyone who, in good faith, reports suspected instances of fraud or other violations of BLHS policy (i.e., a "whistleblower"). This includes, but is not limited to, protection from retaliation in the form of an adverse employment action, such as a termination, compensation decreases, or poor work assignments and threats of physical harm.

TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed by outside counsel before any such action is taken. Should outside counsel believe, based on presented facts, that the management decision to terminate is inappropriate, all facts and legal counsel recommendations will be presented to the BLHS Executive Director and BLHS Executive Committee for a final decision.

ADMINISTRATION

The BLHS Board of Commissioners is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed and revised as needed.

APPROVAL: 8/18/2026