

CARBON CAREER & TECHNICAL INSTITUTE

SECTION: OPERATIONS

TITLE: FRAUD

ADOPTED: October 19, 2006

REVISED:

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	828. FRAUD
1. Authority P.L. 107-204	The Joint Operating Committee requires that all members, employees, volunteers, consultants, vendors and Advisory Committee members to act with integrity, due diligence, and in accordance with law in their duties involving the school's resources. The Joint Operating Committee is entrusted with public funds, and no one connected with the school shall do anything to erode that trust.
2. Definitions	Fraud, financial improprieties, or irregularities shall include, but are not limited to: 1. Forgery or unauthorized alteration of a check, bank draft, or any other financial document or account belonging to the school. 2. Misappropriation of funds, securities, supplies, or other assets. 3. Impropriety in handling money or reporting financial transactions. 4. Personal gain from privileged information related to Joint Operating Committee information or activities. 5. Disclosure of confidential and/or proprietary information to outside parties. 6. Acceptance or seeking anything of material value, other than items used in due course, from contractors, vendors, or persons providing services to the school. 7. Destruction, removal, or inappropriate use of school records, furniture, fixtures, or equipment. 8. Failure to provide financial records to authorized state or local entities. 9. Failure to cooperate fully with auditors, investigators or law enforcement officials. 10. Other dishonest or fraudulent acts involving school funds or resources.

3. Delegation of Responsibility	The Administrative Director or designee shall develop and implement internal controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the school, subject to review and approval by the Joint Operating Committee. The Administrative Director shall maintain a sound system of internal controls that is designed to identify potential risks, evaluate the nature and extent of those risks, and manage them effectively. All administrators are responsible to be alert to any indication of fraud, financial impropriety, or irregularity within their area of responsibility. The Administrative Director shall recommend to the Joint Operating Committee for its approval completion of an interim audit when it is deemed necessary and beneficial to the school. The Administrative Director shall ensure the appropriate authorities are notified, pursuant to state law, when cases of fraud, embezzlement or theft have been identified.
4. Guidelines P.L. 107-204	<u>Reporting</u> An employee who suspects fraud, impropriety, or irregularity shall immediately report his/her suspicions to the Administrative Director. If the report involves the Administrative Director, the employee shall report his/her suspicions to the Superintendent of Record. Employees who bring forth a legitimate concern or suspicion about a potential impropriety shall not be retaliated against. Those who do retaliate against such an employee shall be subject to disciplinary action. <u>Investigation</u> The Administrative Director shall have primary responsibility for conducting necessary investigations of reported fraudulent activity. Based on his/her judgment, the Administrative Director shall coordinate investigative efforts with the School Solicitor, state and/or local auditors, law enforcement officials, and the PA Department of Education, as necessary. If the Administrative Director is involved in the complaint, the Superintendent of Record is authorized to initiate investigation of the complaint and coordinate the investigative efforts with individuals and agencies s/he deems appropriate. Records shall be maintained for use in an investigation. Individuals found to have altered or destroyed records shall be subject to disciplinary action.

If an investigation substantiates the occurrence of a fraudulent activity, a report shall be presented to the Joint Operating Committee.

Confidentiality

The Administrative Director shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the individuals and facts. All employees involved in the investigation are required to maintain confidentiality regarding all information about the matter during the investigation. Investigation results shall not be disclosed nor discussed with anyone other than those individuals with a legitimate right to know, until the results are made public.

Prevention

In order to prevent fraud, the Joint Operating Committee directs that a system of internal controls be followed that include, but are not limited to the following:

Where possible, more than one (1) person shall be involved in pieces of financial transactions. One (1) person shall not be responsible for an entire financial transaction.

Payments shall be made only by checks. Normally cash transactions shall not be permitted. Check signers shall be approved annually by the Joint Operating Committee and will consist of persons not involved in the transaction. All checks shall have at least two (2) signatures.

Bank statements and cancelled checks shall be reconciled by individuals who are not authorized to sign checks, nor are involved in check processing.

Physical and electronic access to checks and accounts shall be limited to those employees with designated business functions.

The Business Office shall maintain updated lists of capital assets.

All administrators shall be responsible for ensuring that employees under their supervision receive training regarding fraud prevention.

References:

American Competitiveness and Corporate Accountability Act of 2002 –
P.L. 107-204