

Business and Non-Instructional Operations

Accounts

Fraud Prevention and Investigation

The Orange Board expects all employees, Board members, consultants, vendors, contractors, and other parties maintaining a business relationship with the Orange School District to act with integrity and due diligence in duties involving the district's fiscal resources.

The Superintendent, or his/her designee, shall be responsible for developing internal controls which aid in the prevention and detection of fraud, financial impropriety, or irregularity within the district. Each member of the management team shall be alert for any indication of fraud, financial impropriety, or irregularity within his/her areas of responsibility.

An employee who suspects fraud, impropriety, or irregularity shall immediately report the suspicions to his/her immediate supervisor and/or the Superintendent or designee. The Superintendent or designee shall have primary responsibility for any necessary investigations, in coordination with legal counsel and other internal or external departments and agencies as appropriate.

Alternative language:

The Superintendent or designee shall establish a system of internal controls and written operational procedures to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent employee action.

(cf. 3100 – Budget/Budgetary System)

(cf. 3300 – Expenditures/Expending Authority)

(cf. 3324.1 – Contracts)

(cf. 3430 – Periodic Financial Reports)

(cf. [3434](#) – Periodic Audit)

Policy adopted: May 13, 2013

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Fraud, financial improprieties or irregularities include, but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft or any other financial document.
3. Misappropriation of funds, securities, supplies or other assets.
4. Impropriety in the handling of money or reporting of financial transactions.
5. Profiteering as a result of insider information of District information or activities.
6. Disclosing confidential and/or proprietary information to outside parties.
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing services to the District.
8. Destroying, removing or inappropriately using of records, furniture, fixtures or equipment.
9. Failing to provide financial records to authorized state or local entities.
10. Failure to cooperate fully with any financial auditor, investigators or law enforcement.
11. Any other dishonest or fraudulent act involving District monies or resources.

The Orange District will seek to prevent and detect in an early stage any embezzlement of District funds by looking for the following tell-tale signs of embezzlement:

1. false invoices
2. overbilling the district for maintenance items
3. checks issued to fictitious companies
4. check ledger containing duplicate entries
5. checks written by business office staff to their personal accounts

6. checks mailed to residences or P.O. boxes of administrators or business office staff
7. forged signatures
8. unauthorized use of a signature stamp
9. income that is understated
10. expenses that are overstated
11. payments to unaccredited schools that issue phony academic credentials
12. payments of salary increments based on having phony academic credentials issued by unaccredited schools

The Superintendent or designee shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent or designee shall issue a report to appropriate personnel and to the Orange Board of Education. The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. The result of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate right to know.

In addition, the Orange school district will take the following steps to protect funds and property from theft:

1. label all goods, materials, and equipment
2. establish adequate controls to account for their location, custody, and security
3. annually audit the inventory of equipment
4. update a listing of such equipment to reconcile the audit with the District's inventory system
5. document and account for any transfers and/or disposals of equipment

Regulation approved: May 13, 2013