Disclaimer:

District Financial Fraud or Theft is a criminal matter and covered by State laws. This policy is merely a guideline so that all District employees understand the possible repercussions of such actions. If you have questions regarding fraud and/or theft, please contact your District legal counsel and/or your local law enforcement agency.

Coeur d’Alene School District No. 271

FINANCIAL MANAGEMENT 7225

Financial Fraud and Theft Prevention

All District employees, Board members, consultants, vendors, contractors, and other parties maintaining a business relationship with the District shall act with integrity and due diligence in matters involving District fiscal resources.

The Superintendent or designee shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety, and fiscal irregularities within the District. Every member of the District’s administrative team shall be alert for any indication of fraud, financial impropriety, or irregularity within his or her areas of responsibility.

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. While investigating and responding to the financial fraud allegations, the Superintendent or Chair of the Board will give priority to avoiding possible retaliation or reprisals.

Staff Responsibilities

Any employee who suspects that financial fraud, impropriety, or irregularity has occurred shall immediately report those suspicions to their immediate supervisor and/or the Superintendent/designee who shall have the primary responsibility for initiating necessary investigations. Additionally, the Superintendent/designee shall coordinate investigative efforts with the District’s legal counsel, auditing firm, and other internal or external departments and agencies, including the county prosecutor’s office and law enforcement officials, as the Superintendent/designee may deem appropriate.

An employee who believes they have suffered reprisal, retaliation, or discrimination for a report under this policy shall report the incident(s) to the Superintendent or designee. The Board will attempt to ensure that no employee who makes such a report will suffer any form of reprisal, retaliation, or discrimination for making the report. Employees are prohibited from preventing or interfering with those who make good faith disclosures of misconduct. This policy shall not apply when an employee knowingly makes a false report.
In the event the concern or complaint involves the Superintendent, the concern shall be brought to the attention of the Chair of the Board who is hereby empowered to contact the District’s legal counsel, auditing firm, and any other agency to investigate the concern or complaint.

**Definition**

As used in this policy, “fraud” refers to intentionally misrepresenting, concealing, or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

1. Behaving in a dishonest or false manner in relation to District assets, including theft of funds, securities, supplies, or other District properties;
2. Forging or altering financial documents or accounts illegally or without proper authorization;
3. Improper handling or reporting of financial transactions;
4. Personally profiting as a result of use of District assets, insider knowledge, or vendor kickbacks;
5. Disregarding confidentiality safeguards concerning financial information;
6. Violating Board conflict of interest policies; and
7. Mishandling (destroying, removing, or misusing) financial records of District assets.

**Internal Controls**

The following internal controls shall be a regular practice of the District in an effort to prevent the possibility of fraud:

1. **Electronic Cash Disbursements:** Require dual approval for all electronic disbursements of cash.

2. **Monthly bank reconciliations should be performed for all cash accounts in the district.** All bank reconciliations must be completed by a staff member who is not involved in handling deposits or disbursements of funds. If there is not sufficient staffing to segregate these duties, the monthly bank reconciliations must be reviewed by a person who is not involved in handling deposits or disbursements of cash.

3. **Checks:** The treasurer or designee shall keep personal custody of any signature stamps associated with check approval and maintain a log for every check written;

4. **Conduct Background Checks on Potential Business Office Employees:** Check all possible references, not just those offered, and perform criminal background checks and credit checks on key business officials and other warranted positions; and

5. Segregate duties within the business office so as to avoid the opportunity for fraud without collusion.
The District will carry a fidelity bond on the District treasurer, the District clerk, and such other personnel as may be directed by the Board.

Policy History:
Adopted on: 7/10/17
Revised on: 7/1/19