

**Addison Northeast Supervisory Union and Member School Districts
(Bristol, Lincoln, Monkton, Mt. Abraham Union High, New Haven, Starksboro)
Boards of Directors' Policy**

Policy Area: Business & Non-Instructional Operations: E5

Policy Subject: **FRAUD PREVENTION POLICY**

I. Introduction

The Fraud Policy Statement is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Addison Northeast Supervisory Union and its member school districts (Bristol, Lincoln, Monkton, Mt. Abraham Union High, New Haven, Starksboro). It is the intent of the Supervisory Union to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigation.

II. Scope

This policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the ANESU and its member school districts. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, or relationship to the ANESU and its member school districts.

III. General Guidelines

Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of material fact for the purpose of inducing another to act upon it to his or her injury. All administrative and supervisory employees will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the Superintendent of Schools and the Business Manager who will coordinate the investigation of the matter with the affected areas, both internal and external. Outside resources may be needed to fulfill the investigation.

IV. Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- a. Any dishonest or fraudulent act
- b. Forgery or alteration of any document or account belonging to the ANESU and its member school districts
- c. Forgery or alteration of a check, bank draft, or any other financial document
- d. Misappropriation of funds, securities, supplies, or other assets
- e. Impropriety in the handling or reporting of money or financial transactions
- f. Profiteering as a result of insider knowledge of ANESU's and its member school districts' activities
- g. Disclosing confidential and proprietary information to outside parties
- h. Disclosing to other persons securities activities engaged in or contemplated by the ANESU and its member school districts
- i. Accepting or seeking for personal gain anything of material value (over \$50) from contractors, vendors or persons providing services/materials to the ANESU and its member school districts

- j. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment and/or
- k. Any similar or related inappropriate conduct

V. Other Inappropriate Conduct

Suspected improprieties concerning an employee's moral, ethical, or behavioral conduct in the workplace that are not defined as fraud should be resolved by the employee's supervisor. If there is any question as to whether an action constitutes fraud, contact the Business Manager for guidance.

VI. Investigation Responsibilities

The Business Manager has the primary responsibility for coordinating the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Business Manager will issue reports to appropriate designated personnel, including the Superintendent of Schools and, if appropriate, to the Addison Northeast Supervisory Union Board. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for the independent investigation will be made in conjunction with the Superintendent of Schools and, if necessary with the appropriate Board officials as will final decisions on disposition of the case.

VII. Confidentiality

All parties involved in the process will treat all information received confidentially to the degree practicable. Any employee who suspects dishonest or fraudulent activity will notify their supervisor or the Business Manager immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures 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 ANESU and its member school districts from potential civil liability.

VIII. Authorization for Investigating Suspected Fraud

The individuals assigned by the Superintendent of Schools or designee to investigate the suspected fraud will have:

- a. Free and unrestricted access to all records and premises whether owned or rented; and
- b. The authority to examine, copy, and/or remove all or 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 may use or have custody of any such items or facilities when it is within the scope of their investigation.

IX. Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

- a. Any employee who suspects dishonest or fraudulent activity will notify their supervisor, immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. The Business Manager should then be notified by the supervisor of the suspected fraud. The employee or other complainant may remain anonymous to the degree practicable.

- b. All inquiries concerning the activities under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the investigating party or the Business Manager. No information concerning the status of the investigation will be given out. The proper response to any inquiry is: "I am not at liberty to discuss the matter." Under no circumstances should any reference be made to "the allegation," "crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.
- c. The reporting individual should be informed of the following:
 - 1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - 2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Superintendent of Schools.

X. Termination

If an investigation results in a recommendation to terminate an individual, such termination will be conducted in accordance with appropriate ANESU and its member school districts' policies and state and federal law.

XI. Alternative Reportees

In the event an employee who would normally be notified of a potential fraud case were the person suspected of committing fraud or other inappropriate conduct as defined above, the Superintendent of Schools should be contacted.

	ANES U	Bristol	Lincoln	Monkton	Mt.Abraham	New Haven	Starksboro
Date Adopted	8/8/11	8/2/11	8/15/11	8/9/11	8/2/11	8/9/11	8/8/11