

FRAUD POLICY

I. POLICY STATEMENT:

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 District. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, or relationship to the District.

II. RATIONALE:

The Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the St. Johnsbury School District, hereinafter called the District. It is the intent of the District to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigation.

III. ADMINISTRATIVE EXPECTATIONS:

The administrative team 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. Each administrator 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, who coordinates all investigations with the District's attorney and other affected areas, both internal and external.

IV. GENERAL INFORMATION:

The following constitute the definition of fraud for purposes of this policy: The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act;
- Forgery or alteration of any document or account belonging to the District;
- Forgery or alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of District activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the District;
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- 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 Superintendent and/or other members of the administrative team. If there is any question as to whether an action constitutes fraud, questions should be directed to the Superintendent for guidance.

VI. INVESTIGATION RESPONSIBILITIES:

The Superintendent has the primary responsibility for investigations of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Superintendent will issue reports to appropriate designated personnel, and if appropriate, the School 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 legal counsel, as will final decisions on disposition of the case.

VII. CONFIDENTIALITY:

The Superintendent treats all information received confidentially to the degree practicable. Any employee who suspects dishonest or fraudulent activity will notify the Superintendent 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 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 District from potential civil liability.

Restrictions on Investigator – Any individual assigned by the Superintendent to investigate suspected fraud must, prior to commencing the investigation, sign an acknowledgement with respect to confidentiality and use of information and materials gathered in the investigation. Exhibit A.

VIII. AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD:

The individuals assigned by the Superintendent to investigate the suspected fraud will have: Free and unrestricted access to all District records and premises whether owned or rented; AND 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 which 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.

An employee who discovers or suspects fraudulent activity will contact the Superintendent immediately. The employee or other complainant may remain anonymous to the degree practicable. 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 of the District's legal counsel. 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," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the District's legal counsel or the Superintendent.

X. TERMINATION/PROSECUTION:

If an investigation results in a recommendation to terminate an individual, such termination will be conducted in accordance with appropriate District policies and state and federal law; and such results will be forwarded to the appropriate law enforcement agencies with a request that the wrongdoer be prosecuted.

XI. POLICY ADMINISTRATION:

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

XII. ALTERNATIVE REPORTEES:

In the event that the Superintendent is the person suspected of committing fraud or other inappropriate conduct as defined above, the Chairperson of the School Board should be contacted. The officer will then be responsible for fulfilling the role otherwise designated for the Superintendent in all preceding paragraphs.

In the event that an administrator is suspected of committing fraud or other inappropriate conduct as defined above, the Superintendent should be contacted.

XIII. EMPLOYEE NOTIFICATION:

All employees of the District and all new hires must be presented with a copy of the Policy in its entirety, and must be required to sign an acknowledgment and receipt. (See **Exhibit B.**)

DATE WARNED: JANUARY 24, 2008
DATE ADOPTED: FEBRUARY 4, 2008

CONFIDENTIALITY AGREEMENT

The undersigned, who has been appointed by the St. Johnsbury School District Superintendent to investigate the possibility of fraud, acknowledges that (the "Investigation") may lead to the furnishing of or disclosure of confidential information and accordingly agrees as follows:

1. Confidential Information – For the purpose of this agreement, the term "Confidential Information" means all written information the District and its employees have access to that is not generally available to the public and that is acquired through the Investigation. Confidential Information shall also include such information disclosed to the undersigned in oral form and physical evidence taken into possession as part of the Investigation.
2. Use of Confidential Information – The undersigned shall not use for any purpose any portion of the Confidential Information except for the purpose of the conduct of the Investigation and reporting the results thereof to the Superintendent.
3. Duty to Safeguard Confidential Information – The undersigned will take all necessary measures to safeguard the confidentiality of the Confidential Information and prevent unauthorized disclosure thereof to third parties. If in the course of any investigation the undersigned determines it necessary to share any Confidential Information with third parties, no such information shall be disclosed until such third party has agreed in writing to be bound by the terms hereof.
4. Return of Confidential Information – Upon conclusion of the Investigation, or upon written request of the Superintendent, the undersigned shall return all Confidential Information and all documents and other materials summarizing, describing, analyzing, extracting, or referring to the Confidential Information to the Superintendent.

Signature: _____

Date: _____

Print Name: _____

Exhibit "B"

ACKNOWLEDGEMENT OF RECEIPT OF FRAUD POLICY

The undersigned, hereby acknowledges receipt, on the _____ day of _____, 20____, of a copy of the St. Johnsbury School District Fraud Policy, which was adopted by the St. Johnsbury School Board on _____, 20____.

Signature: _____

Date: _____

Print Name: _____