

## **FRAUD PREVENTION & INVESTIGATION**

The Unit prohibits Board members, employees, vendors, contractors, consultants, and others seeking or maintaining a business relationship with the Unit from committing or participating in fraud and financial impropriety as defined below.

Fraud and financial impropriety include, but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the Unit.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other unit assets.
4. Impropriety in the handling of money or reporting of unit financial transactions.
5. Profiteering as a result of insider knowledge of unit information or activities.
6. Unauthorized disclosure of confidential financial information (e.g., account numbers).
7. Inappropriately destroying, removing, or using records or equipment.
8. Failure to provide financial records required by state or local entities.
9. Any other dishonest act regarding the finances of the Unit.

### **Financial Oversight and Controls**

The Director shall maintain a system of internal controls to identify potential risks, manage potential risks, and deter and monitor fraud and financial impropriety in the Unit. Internal controls shall be subject to Board review.

The Director is authorized to order a complete forensic audit if, in his/her judgment, such an audit is necessary or would be beneficial to the Unit.

### **Reports**

Any person who suspects fraud or financial impropriety in the Unit shall report this information to the Director, Business Manager or, in instances where the Director is suspected of committing such acts, the Board President. Individuals may also report suspected fraud/financial impropriety activity to local law enforcement.

Individuals who report potential fraud/financial impropriety shall not be retaliated against, including instances when a complaint is not substantiated. However, employees who knowingly make a false fraud/financial impropriety report may be subject to disciplinary action.

Reports of suspected fraud/financial impropriety shall be treated as confidential to the extent permitted by state law on administrative investigations of unit personnel. All individuals involved in an investigation shall be advised to keep information about the investigation confidential.

**Investigation**

The Director shall investigate reports of suspected fraud/financial impropriety. If the Director is suspected of fraud/financial impropriety, the Board President shall investigate the report.

The investigator shall coordinate investigation efforts with appropriate unit personnel, legal counsel, the state fraud auditor, insurance carrier, and other internal and external departments and agencies as deemed necessary.

If an investigation substantiates the occurrence of fraud/financial impropriety, the investigator shall promptly notify the State Bond Fund and shall recommend responses to the investigation findings, including disciplinary action up to and including termination from unit employment. These recommendations shall be documented in the investigator's report. The report shall be submitted to the appropriate district authority for action. The Unit may file a criminal complaint in cases where fraud/financial impropriety is substantiated. In cases involving monetary loss to the Unit, the Unit may seek to recover lost or misappropriated funds.

**Analysis of Fraud**

After any investigation that substantiates a report of fraud or financial impropriety, the Board shall appoint an individual to analyze conditions/factors that allowed for the activity to take place. This individual shall update internal controls to ensure measures are put in place to better protect unit assets and deter future fraud/financial impropriety activities.

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Complementing NDSBA Templates (may contain items not adopted by the Board)

- HEBD, Audits

**End of East Central Special Education Unit Policy HEBC ..... Adopted: 4.19.22**

**First Reading: 3.14.22**

**Second Reading: 4.19.22**