

# SCHOOL DISTRICT OF PITTSVILLE BOARD POLICY

## FISCAL MANAGEMENT

### FINANCIAL MANAGEMENT AND INTERNAL CONTROLS

### FRAUD PREVENTION AND REPORTING

665

**Examples of Prohibited Fraudulent Conduct.** The School Board is committed to the responsible stewardship of all resources that are entrusted to the District, including but not limited to all **property and** financial resources that are under the District's management ~~and control~~. Fraud, in any form and perpetrated by any person connected to the District, interferes with this commitment. Fraud can exist even in situations that do not involve the receipt of an improper private benefit. Examples of conduct that the Board prohibits and considers to **be fraudulent or similarly dishonest and damaging to the public interest** ~~involve fraud~~ include the following:

1. Theft, misappropriation, or conversion.
2. Bribery, including certain quid pro quo arrangements and giving or receiving kickbacks.
3. The making of false claims, false records, false certifications, or other false statements.
4. Lack of performance of an obligation while accepting consideration for such performance.
5. Self-dealing or arranging for other private benefits that are contrary to the public interest, including making or receiving overpayments **or failing to disclose and avoid conflicts of interest in contracting and other financial matters**.
6. Providing information or making a representation that is intentionally incomplete or misleading, including failing to fully cooperate and be fully forthcoming in any investigation into possible wrongdoing.
7. Covering up wrongdoing (e.g., by destroying evidence).
8. The failure to receive, use, or expend resources for their intended or authorized public purpose, including the gross mismanagement of District-controlled resources or engaging in non-authorized transactions.
9. Aiding another person's fraudulent conduct.

**Administrative Responsibilities; Investigations.** To assist with the prevention, mitigation, and prosecution of fraudulent activity **and any similar misconduct or misuse of resources**, the Board directs the administration to:

1. Establish, model, and enforce strong ethical standards in all District programs and operations.
2. Implement and monitor strong internal controls (i.e., systems and procedures) that can limit opportunities to engage in **fraud and related violations/misconduct, fraudulent conduct**, identify irregularities, and reveal evidence of **fraudulent conduct** ~~any such violation or misconduct~~ after it occurs.
3. Create and foster a climate that encourages and facilitates the timely reporting of **possible** fraud **or other violations/misconduct address by this policy, including suspected fraud**, or suspicious circumstances that should be further investigated.
4. Evaluate the District's obligation to further report any credible evidence of fraud or other violations or misconduct prohibited under this policy to appropriate state and/or federal authorities. This includes, but is not limited to, making the written disclosures and reports required under 2 C.F.R. §200.113, which is a federal regulation that applies because the District receives federal funding. For example, section 200.113 requires the District to submit written disclosures to certain federal and (in some cases) state officials when, in connection with the District's receipt of or application for federal funding, the District has credible evidence of (1) a violation of the federal False Claims Act; or (2) a violation of any federal criminal law involving fraud, conflict of interest, bribery, or improper gratuities.
5. Diligently investigate all reasonably credible reports of ~~fraud or possible fraud; and~~ **or other violations or misconduct prohibited under this policy**. Except in the case of a report involving the District Administrator's own actions (in which case the Board or its designee shall direct an investigation), the District Administrator shall be responsible for initiating an appropriate investigation.
6. When any instance of fraud **or some other violation or misconduct prohibited under this policy has been** ~~is~~ substantiated, engage in appropriate follow-up, including **pursuing appropriate consequences and remedies and making any additional disclosures/referrals to outside entities, making additional state or federal reports and pursuing appropriate consequences and remedies (such as disciplinary action and/or referral for possible legal action)**.

**Intra-District Reports and Investigations of Fraud or Suspected Fraud and Similar Improprieties.** Except in situations where an employee exercises a legal right to make a confidential report to an external agency or to participate in an official investigation or legal proceeding that is not disclosed to his or her employer, any employee who has knowledge of or who has

reason to suspect fraud or any similar impropriety in relation to any aspect of District programs or operations shall immediately report the relevant circumstances to his or her supervisor and/or to the District Administrator. In the event the concern or complaint involves the District Administrator, the concern shall be brought to the attention of Director of Business Services and/or Board President. Such reports may involve or relate to the conduct of any person, including District employees, Board members, volunteers, consultants, vendors, contractors and other parties maintaining any business or programmatic relationship with the District.

In directing employees to make the internal reports referenced in the previous paragraph, the District shall in no way prevent or interfere with an employee making a report or providing information to a state or federal regulatory or law enforcement agency (including the U.S. Department of Education's Office of Inspector General) or to any court or grand jury.

The District requires employees to promptly inform an appropriate District official any time the employee has knowledge of or reasonable cause to suspect fraud, theft, misappropriation, conversion, or any similar violation or financial impropriety (see additional examples, above) in relation to any aspect of District programs or operations **unless** either of the following limited exceptions applies:

1. An applicable law or a judicial or governmental order prohibits the employee from disclosing the relevant information to the District; or
2. A state or federal law grants the employee an affirmative and protected legal right to refrain from disclosing the relevant information to the District in spite of the District's general rule and expectation requiring such disclosure. In this context, an employee has a protected legal right if the District would be prohibited by law from disciplining the employee for failing to promptly disclose the information to the District.

Such reports shall be clearly and directly communicated to the District Administrator or to another administrator who is responsible for the applicable activity, program, or operational area. However, if the report concerns possible misconduct by the District Administrator or if the District Administrator would otherwise be affected by a conflict of interest in the matter, then the report or concern shall be submitted to a different administrator who is responsible for the applicable activity, program, or operational area and/or to the School Board President. Such reports may involve or relate to the conduct of any person, including District employees, Board members, volunteers, consultants, vendors, contractors and other parties maintaining any business or programmatic relationship with the District.

In directing employees to make the internal reports referenced in this section of this policy, the District shall in no way prevent or interfere with an employee making a report or providing information to any court or tribunal, any law enforcement agency, or any external governmental official, agency or entity that has authority or responsibilities regarding the matter in question.

The Board also encourages any other person who has knowledge of or who has reason to suspect fraud or some other similar impropriety in relation to any aspect of District programs or operations to report the relevant circumstances to the District Administrator, Director of Business Services, or Board President.

~~No official, employee, or agent of the District may retaliate or discriminate against any person who, acting reasonably and in good faith, has filed a report under this policy or participated in any investigation related to a report of fraud, suspected fraud, or other similar impropriety. In connection with employees, prohibited retaliation and discrimination include discharge, demotion, or other adverse employment actions based upon an employee's protected activity.~~

~~Following a report of alleged or suspected fraud, and except in the case of a report involving his or her own actions, the District Administrator shall be responsible for initiating necessary investigations. Whenever necessary or appropriate, investigations will be conducted in coordination with District legal counsel and/or with other internal or external departments, agencies, or officials. Although strict and absolute confidentiality cannot be guaranteed, the confidentiality concerns of all involved parties shall be a consideration in the manner in which any investigation is conducted, including the manner in which relevant records are maintained.~~

~~To the extent required by federal law, the District shall make a report to the U.S. Department of Education (or other applicable federal agency's) Office of Inspector General any time the District has credible evidence of the making of any false claims for federal funds or the commission of a violation of any laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving federal funds.~~

**Whistleblower/Nonretaliation Protection.** No official, employee, or agent of the District may retaliate or discriminate against any person who, acting reasonably and in good faith, has filed a report under this policy or participated in any internal or external governmental investigation or legal proceeding related to possible fraud, theft, misappropriation, conversion, or any similar violation or financial impropriety addressed by this policy. In connection with employees, prohibited retaliation and

discrimination include discharge, demotion, or other materially adverse employment actions based upon and because of an employee's protected activity.

## Legal References:

### Wisconsin Statutes

<u>Section 19.42</u>	[statutory definitions related to the code of ethics for local government officials]
<u>Section 19.59</u>	[ethical standards for local government officials]
<u>Section 946.12</u>	[misconduct in public office]
<u>Section 946.13</u>	[prohibiting public officials and employees from having a private interest in a public contract]

### State Guidance

[Wisconsin Uniform Financial Accounting Requirements](#) (WUFAR)  
[Department of Public Instruction School District Audit Manual Index](#)

### Federal Law

<u>31 U.S.C. §3729 et seq.</u>	[federal False Claims Act]
<u>41 U.S.C. §4712</u>	[federal whistleblower protections; initially effective through July 2017]
<u>2 C.F.R. §200.113</u>	[in connection with federal funding, mandatory disclosures of credible evidence of the commission of a violation of certain federal criminal laws or the civil False Claims Act]
<u>2 C.F.R. §200.217</u>	[federal OMB Guidance regulation addressing whistleblower protections]
<u>2 C.F.R. §200.300</u>	[federal Uniform Guidance regulation referencing statutory requirements for whistleblower protections]

### Cross References:

527.1 *Employee Whistleblower Protection*

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