

COMMONWEALTH CHARTER
ACADEMY

SECTION: OPERATIONS

TITLE: FRAUD

ADOPTED: February 15, 2017

REVISED:

828. FRAUD

§ 1. Authority

The Board expects all Board members, Commonwealth Charter Academy employees, volunteers, consultants, vendors, contractors and other parties that maintain a relationship with the CCA to act with integrity, due diligence, and in accordance with law in their duties involving the CCA’s resources. The Board is entrusted with public funds, and no one connected with the CCA shall do anything to erode that trust.

§ 2. Definitions

Fraud, financial improprieties, or irregularities include but are not limited to any misappropriation of or destruction of any school funds or assets, profiteering from inside information, unauthorized disclosure of any confidential financial or personnel information, nondisclosure, falsification or concealing financial information from any authorized individuals, such as auditors, law enforcement authorities, or members of the Board of School Directors, and any other dishonest or fraudulent acts involving CCA monies or resources.

§ 3. Delegation of Responsibility

The CEO or designee shall have the authority to develop and implement internal and external controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within CCA.

The CEO or designee shall have the authority to maintain a sound system of internal and external controls that is designed to identify potential risks, evaluate the nature and extent of those risks, and manage them effectively.

CCA administrators are responsible to be alert to any indication of fraud, financial impropriety, or irregularity within their areas of responsibility.

The CEO shall ensure that the appropriate authorities are notified, pursuant to state law, when cases of fraud, embezzlement or theft have been identified.

§ 4. Guidelines

43 P.S. § 1423
18U.S.C. § 1513

Reporting

An employee who suspects fraud, impropriety, or irregularity shall immediately report his/her suspicions to his or her immediate supervisor, unless that employee believes that his or her immediate supervisor may be implicated in the improper activity, and in that case shall report to the CEO or to the COO.

If the report involves the CEO, the employee shall report his/her suspicions to the COO or to the Board President.

Employees who bring forth a legitimate concern or suspicion about a potential impropriety shall not be retaliated against. Those who do retaliate against such an employee shall be subject to disciplinary action.

Investigation

The CEO or designee may conduct an investigation of reported fraudulent activity or may report it to appropriate law enforcement authorities for investigation.

Based on his/her judgment, the CEO may coordinate investigative efforts with the CCA solicitor, CCA auditor, insurance agent, internal departments, external agencies and law enforcement officials depending on alleged activity.

If the CEO is involved in the complaint, the COO or the Board President is authorized to initiate investigation of the complaint and coordinate the investigative efforts with individuals and agencies s/he deems appropriate.

Any relevant records shall be preserved for use in an investigation.

Individuals found to have altered or destroyed records shall be subject to disciplinary action.

If an investigation substantiates the occurrence of a fraudulent activity, the CEO shall present a report to the Board and appropriate personnel.

The Board shall determine the final disposition of the matter, and whether a further referral should be made to the appropriate law enforcement and/or regulatory agency for independent investigation.

Confidentiality

So far as is practical, the CEO shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the individuals and facts.

All employees involved in the investigation are required to maintain confidentiality regarding all information about the matter during the investigation.

Results of an investigation shall not be disclosed to or discussed with anyone other than

those individuals with a legitimate right to know, unless the results have lawfully been made public by the appropriate authorities.

Prevention

In order to prevent fraud, the Board directs that a system of internal controls be followed that include but are not limited to the following:

Segregation of Duties - Where possible, more than one (1) person will be involved in pieces of financial transactions. No one (1) person shall be responsible for an entire financial transaction.

Payments - Payments shall be made only by checks, electronic fund transfers or procurement cards. No cash transactions shall be permitted. Check signers shall be approved annually by the Board and will consist of persons not involved in the transaction. All checks shall have at least two (2) signatures. Transactions will be reviewed by the Business Office.

Bank Reconciliations - Bank statements shall be reconciled by individuals who are not authorized to sign checks, nor involved in check processing.

Access to Checks - Physical and electronic access to CCA checks and accounts shall be limited to those employees with designated business functions.

Capital Assets - The business office shall maintain updated lists of CCA capital assets.

Training - Administrators shall be responsible for ensuring that appropriate employees under their supervision receive training regarding fraud prevention.

References:

Whistleblower Law – 43 P.S. Sec. 1421 et seq.

Sarbanes Oxley Act of 2002 – 15 U.S.C. Sec. 7201 et seq.

Whistleblower Protection – 18 U.S.C. Sec. 1513