

## Rolling Hills Public Charter School

### **FINANCIAL MANAGEMENT**

7225

#### Financial Fraud and Theft Prevention

All Charter School employees, Board members, consultants, vendors, contractors, and other parties maintaining a business relationship with the Charter School shall act with integrity and due diligence in matters involving Charter School fiscal resources.

The Principal shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety or fiscal irregularities within the Charter School. Every member of the Charter School's administrative team shall be alert for any indication of fraud, financial impropriety, or irregularity within his/her areas of responsibility.

The Principal shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

#### Staff Responsibilities

Any employee who suspects that financial fraud, impropriety or irregularity has occurred shall immediately report those suspicions to their immediate supervisor and/or the Principal/designee who shall have the primary responsibility for initiating necessary investigations. Additionally, the Principal shall coordinate investigative efforts with the Charter School's legal counsel, auditing firm, and other internal or external departments and agencies, including the county prosecutor's office and law enforcement officials, as the Principal may deem appropriate.

In the event the concern or complaint involves the Principal, the concern shall be brought to the attention of the Chairman of the Board who is hereby empowered to contact the Charter School's legal counsel, auditing firm, and any other agency to investigate the concern or complaint.

While investigating and responding to the financial fraud allegations, the Principal or Chairman of the Board will give priority to avoiding possible retaliation or reprisals.

#### Definition

As used in this policy, "fraud" refers to intentionally misrepresenting, concealing or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

- Behaving in a dishonest or false manner in relation to Charter School assets, including theft of funds, securities, supplies or other Charter School properties.

- Forging or altering financial documents or accounts illegally or without proper authorization.
- Improper handling or reporting of financial transactions
- Personally profiting as a result of insider knowledge
- Disregarding confidentiality safeguards concerning financial information
- Violating Board conflict of interest policies
- Mishandling financial records of Charter School assets (destroying, removing or misusing)

### Internal Controls

The following internal controls shall be a regular practice of the Charter School in an effort to prevent the possibility of fraud:

- **Budgetary Transfers.** The transfer of appropriations is important for the Principal, purchasing agent, business official and treasurer, and all should have written confirmation of the information. The purchasing agent shall be apprised if the transfer has been approved, the treasurer shall document it and the business official shall record it.
- **Treasurer's Receipts.** The treasurer or business accounting clerk should have receipts and numbered duplicates for everything paid out in his/her custody.
- **Checks.** The treasurer or business accounting clerk shall keep personal custody of any signature stamps and maintain a log for every check written.
- **Audit.** An individual not connected to the business office should audit the check register regularly.
- **Conduct background checks on potential business office employees.** Check all possible references, not just those offered, and perform criminal background checks on key business officials and other warranted.
- **Segregate functions within the business office so as to avoid the opportunity for fraud without collusion.**

### Policy History:

Adopted on: Feb. 13, 2014

Revised on: