



Book	Board of Trustees Policy
Section	800 Operations
Title	Fraud, Waste, and Abuse
Code	852
Status	Active
Adopted	October 2, 2023

### Authority

The Board of Trustees ("Board") of Agora Cyber Charter School ("Charter School"), expects all Board members, Charter School employees, volunteers, consultants, vendors, contractors and other parties who maintain a relationship with the Charter School to act with integrity, due diligence, and in accordance with law in their duties involving Charter School resources. The Board is entrusted with public funds and shall ensure that no one connected with the Charter School shall do anything to erode that trust. 1

### Definitions<sup>2</sup>

**Fraud** involves obtaining something of value through willful misrepresentation. The following are examples of fraud, depending on the facts and circumstances:

1. Forgery or unauthorized alteration of any document or account belonging to the Charter School.
  2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
  3. Misappropriation of funds, securities, supplies, or other assets.
  4. Impropriety in handling money or reporting financial transactions.
  5. Disclosure of confidential and/or proprietary information to outside parties.
  6. Acceptance or seeking of anything of material value, other than items used in the normal course of advertising, from contractors, vendors, or persons providing services to the Charter School.
  7. Destruction, removal, or inappropriate use of Charter School records, furniture, fixtures, or equipment.
  8. Failure to provide financial records to authorized state or local entities.
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9. Failure to cooperate fully with any financial auditors, investigators or law enforcement.
  10. Other dishonest or fraudulent acts involving Charter School monies or resources.

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

The following are examples of waste, depending on the facts and circumstances:

1. Making travel choices that are contrary to existing travel policies or are

unnecessarily extravagant or expensive.

2. Making procurement or vendor selections that are contrary to existing policies or are unnecessarily extravagant or expensive.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but excludes fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

The following are examples of abuse, depending on the facts and circumstances:

1. Creating unneeded overtime.
2. Requesting staff to perform personal errands or work tasks for a supervisor or manager.
3. Misusing the official's position for personal gain (including actions that could be perceived by an objective third party with knowledge of the relevant information as improperly benefiting an official's personal financial interests or those of an immediate or close family member; an organization for which the official serves as an officer, director, trustee, or employee; or an organization with which the official is negotiating concerning future employment).

### **Delegation of Responsibility**

☐ The CEO or designee shall be responsible to develop and implement internal controls designed to prevent and detect fraud, waste and abuse within the Charter School, subject to review and approval by the Board.

☐ The Business Manager shall be responsible for maintaining a sound system of internal controls that is designed to identify potential risks, evaluate the nature and extent of those risks, and manage them effectively In accordance with the Internal Controls Policy.

☐ Administrators are responsible to be alert to any indication of fraud, waste or abuse within their areas of responsibility.

☐ The CEO shall recommend to the Board for its approval completion of a forensic audit when it is deemed necessary and beneficial to the Charter School.

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

Guidelines

Reporting

An employee who suspects fraud, waste or abuse shall immediately report his/her suspicions to the CEO. If the report involves the CEO, the employee shall report his/her suspicions to the Board President.

### **Investigation**

The CEO shall have primary responsibility for conducting necessary investigations of reported fraud, waste or abuse. Based on his/her judgment, the CEO shall coordinate investigative efforts with any of the following:

1. Solicitor.
2. Auditor.
3. Insurance agent.
4. Internal departments.
5. External agencies.
6. Law enforcement officials.

If the CEO is involved in the complaint, the Board President is authorized to initiate investigation of the complaint and coordinate the investigative efforts with individuals and agencies s/he deems appropriate. Records shall be maintained for use in an investigation. Individuals found to have altered or destroyed records shall be subject to disciplinary action, up to or including termination. If an investigation substantiates the occurrence of fraud, waste or abuse, the CEO shall present a report to the Board and

appropriate personnel. The Board shall determine the final disposition of the matter, if a Fraud, Waste and Abuse Policy 4 criminal complaint will be filed, and if the matter will be referred to the appropriate law enforcement and/or regulatory agency for independent investigation.

### **Confidentiality**

The CEO shall investigate reports of fraud, waste or abuse 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 and until the results are made public.

#### **Retaliation Prohibited**

Retaliation against an employee who reports a legitimate concern or suspicion about potential fraud, waste or abuse is strictly prohibited.<sup>3</sup> Those who retaliate against such an employee shall be subject to disciplinary action, up to or including termination.

### **Prevention**

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

1. 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.
  2. Payments - Payments shall be made by check or electronic transaction by authorized individuals. 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.
  3. Bank Reconciliations - Bank statements and cancelled checks shall be reconciled by individuals who are not authorized to sign checks, nor involved in check processing.
  4. Access to Checks - Physical and electronic access to Charter School checks and accounts shall be limited to those employees with designated business functions.
  5. Capital Assets - The business office shall maintain updated lists of capital assets.
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6. Training - Administrators shall be responsible for ensuring that employees under their supervision receive training regarding fraud, waste and abuse prevention.

TO THE EXTENT THAT ANYTHING IN THIS POLICY COULD BE CONSTRUED TO CONFLICT WITH THE SCHOOL'S CHARTER OR APPLICABLE STATE AND/OR FEDERAL LAWS, THE APPLICABLE STATE AND/OR FEDERAL LAWS AND/OR CHARTER CONTROL.