

# Urban Pathways K-5 College Charter School

## Board of Trustees Policy

### ANTI-FRAUD POLICY

#### Authority

The Board of Trustees (“Board”) of Urban Pathways K-5 College 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 no one connected with the Charter School shall do anything to erode that trust.

#### Definitions

Fraud, financial improprieties, or irregularities include but are not limited to:

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.

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.

## **Delegation of Responsibility**

The CEO or designee shall be responsible to develop and implement internal controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities 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 an indication of fraud, financial impropriety, or irregularity 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, impropriety, or irregularity shall immediately report the suspicions to the CEO. If the report involves the CEO, the employee shall report the suspicions to the Board President.

### Investigation

The CEO shall have primary responsibility for conducting necessary investigations of reported fraudulent activity. Based on the CEO's 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 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, if a 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 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 and until the results are made public.

### Retaliation Prohibited

Retaliation against an employee who reports a legitimate concern or suspicion about potential fraud, financial improprieties, or irregularities is strictly prohibited. Those who retaliate against such an employee shall be subject to disciplinary action, up to or including termination.

### Prevention

In order to prevent fraud, 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.
6. Training - Administrators shall be responsible for ensuring that employees under their supervision receive training regarding fraud 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.**

*References: PA Charter School Law 24 PS §17-1719-A; 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.*