

FRAUD AND FINANCIAL IMPROPRIETY

Board Policy CAA (Local) - The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include but not be limited to:

- Forgery or unauthorized alteration of any document or account belonging to the District.
- Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
- Misappropriation of funds, securities, supplies, or other District assets, including employee time.
- Impropriety in the handling of money or reporting of District financial transactions.
- Profiteering as a result of insider knowledge of District information or activities.
- Unauthorized disclosure of confidential or proprietary information to outside parties.
- Unauthorized disclosure of investment activities engaged in or contemplated by the District.
- Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy.
- Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
- Failure to provide financial records required by state or local entities.
- Failure to disclose conflicts of interest as required by law or District policy.
- Knowingly submitting a false or fraudulent claim to obtain payment from the United States government.
- Any other dishonest act regarding the finances of the District.

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

Neither the Board nor any District employee shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety. In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent, Board President, or a designee shall promptly investigate reports of potential fraud or financial impropriety. If an investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration. If an employee is found to have committed fraud or financial impropriety, the Superintendent or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the District shall take appropriate action, which may include cancellation of the District's relationship with the contractor or vendor.

When circumstances warrant, the Board, Superintendent, or designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the District, the District may seek to recover lost or misappropriated funds. The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel. The Superintendent or designee shall ensure that employees, vendors, and contractors with any responsibilities for services to be reimbursed through Medicaid are informed of the False Claims Act and the District's prohibition on knowingly submitting a false or fraudulent claim for payment, federal administrative remedies for false claims and statements, and state laws on false claims and statements.

The District's procedures shall include information regarding reporting suspected violations as provided above, as well as reporting to the State Office of Inspector General at 1-800-436-6184 or at <https://oig.hhsc.state.tx.us/>. After any investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent or designee shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Board for review.

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