

FRAUD, WASTE, ABUSE and CORRUPTION PROCEDURE

This procedure applies to all federal, state, and local financial activities, including but not limited to: Title IA, Title IC (Migrant), Title ID (Neglected & Delinquent), Title IIA, Title III(ESOL), IDEA, Title XC McKinney-Vento Act (Homeless) and School Improvement (1003a, 1003g-SIG).

During a District Administrative meeting of each school year, a Federal Programs representative reviews the Fraud, Waste, Abuse, and Corruption procedures with all district level administrators and principals. An agenda and sign-in sheet will be kept by a designee at the district level as documentation that this training session was completed.

1. Principals will disseminate the same information with their personnel during a faculty meeting by the end of August of each school year. Each principal will submit agendas and sign-in sheets to the district office designee to verify the procedures have been reviewed with all staff.
2. District level administrators will disseminate the same information with staff members that are not located in a school facility. Each director will submit agendas and sign-in sheets to a district office designee to verify that the procedures have been reviewed with all staff. Directors will review the procedures with staff members by the end of August of each school year.
3. The Fraud, Waste, Abuse, and Corruption procedures will be posted on the district's website.
4. The Fraud, Waste, Abuse, and Corruption procedures will be disseminated as part of the district's employee handbook.

Reporting Suspicion of Prohibited Activities

Purpose: To ensure the reporting of prohibited activities, Forsyth County Schools provides employees, clients and providers with confidential channels for such reporting.

Definitions: **Fraud:** A false representation of a matter of fact, whether by words or by conduct, or by concealment of that which should have been disclosed, that is used for the purpose of misappropriating property and/or monetary funds from federal, state, or local grants and funds.

Example: A person creates fake invoices to receive payment for services performed.

- FCS has strong internal controls which prohibit fraudulent activity by providing structure and discipline. For any Title I school expenditure, there are a minimum of three persons who "approve" the purchase. The Title I teacher or staff member who makes the request, the principal who approves at the school level, and the Title 1 Director who has the final approval.
- Any payment for services rendered, travel reimbursement, and all other purchases have to go through the same approval steps.

Waste: The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of local, state, or federal resources to the detriment or potential detriment of the District. Waste also includes incurring unnecessary costs as a result of inefficient or ineffective practices, systems, or controls.

Example: A person chooses to go with a purchase that is much more expensive than others and does not take the time to do a comparison.

- FCS requires a minimum of three bids on items that cost over \$5,000.
- FCS adheres to state regulations on travel reimbursements.
- FCS purchasing manager is diligent in questioning any purchase that may seem unreasonable or unusual.

Abuse: Excessive or improper use of resources, or employing resources in a manner contrary to the natural or legal rules for their use. Abuse also includes intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources; extravagant or excessive use as to abuse one's position or authority.

Example: A person hires a sibling as a provider when another person might have been the better choice.

- FCS always seeks the best qualified person for the position. We have procedures to follow for every position and more than one person usually interviews applicants.
- Criminal background checks are done before hiring and HR requires that we have a phone reference on file before we submit a person for employment.

Corruption: A form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities, including bribery and embezzlement.

- Bribery is the classic form of corruption.
- Includes influence peddling, nepotism, and other cases where officials act in their own interest and not the public interest.

Examples of Fraud, Waste, Abuse and Corruption (Not all-inclusive)

- Personal use of district-owned vehicles
- Long distance personal phone calls
- Personal use of district owned supplies or equipment
- Violations of system and/or state procurement policy
- Excessive or unnecessary purchases
- Falsification of official documents (timesheets, leave reports, travel vouchers, etc.)
- Contract fraud
- Serious abuse of time
- Inappropriate expenditures
- Embezzlement
- Theft or misuse of school funds or property
- Neglect of duty
- Bribery

Statement of Administrative Regulations:

Forsyth County Schools thoroughly and expeditiously investigates and reports cases of suspected fraud to determine if disciplinary, financial recovery and/or criminal action should be taken.

Confidentiality:

All reports of suspected fraud must be handled under the strictest confidentiality. Only those directly involved in the investigation should be provided information regarding the allegation. Informants may remain anonymous but should be encouraged to cooperate with investigators and should provide as much detail and evidence of alleged fraudulent acts as possible.

Procedures and Responsibilities:

1. Anyone suspecting fraud concerning federal, state or local programs should report their concerns to the Superintendent or his/her designee. If the suspected fraud implicates the Superintendent, the informant shall report the information directly to the Board Chair.
2. Any employee of the school system who receives a report of suspected fraudulent activity shall report this information within the next business day to the Superintendent or his/her designee. Employees have the responsibility to report suspected fraud immediately. All reports can be made in confidence.
3. The Superintendent or his/her designee shall conduct or cause to be conducted an investigation of employees, providers, contractors, or vendors as necessary and appropriate.

Periodic communication should emphasize the responsibilities and channels to report suspected fraud.

This procedure relates to Standards #1, 4, 5, 6, 9, & 10 of The Code of Ethics for Educators.