

PALISADES SCHOOL DISTRICT

ADMINISTRATIVE REGULATION

APPROVED: August 27, 2015

No. 828 - FRAUD

1. The definition of fraud is "An intentional misrepresentation or omission of material fact made by one person to another with knowledge of its falsity and for the purpose of inducing the other person to act, and upon which the other person relies with resulting injury or damage. Constructive fraud may also be found when misrepresentations or omissions occur without intent to mislead but in order to prevent a violation of a public or private trust or confidence, the breach of a fiduciary duty, or the use of undue influence."

Fraud can also be defined as "an undisclosed conflict of interest which results in the pecuniary gain or other benefit to an individual, his immediate family or a business with which the individual or his family member is associated with shall also be reportable."

2. All reports and incidents of fraud must be communicated to the Superintendent. The Superintendent, or designee, will investigate all reports of fraud. If the report of fraud involves the Superintendent, the individual reporting the fraud must go directly to the School Board President. The School Board President's contact information is available on the School District's website.
3. The School District solicitor will be consulted immediately and informed of the situation. The District Solicitor will be consulted prior to any actions being taken.
4. If the fraud involves the financial statements, the external auditors must be notified. Within 24 hours or as soon as possible, the Superintendent or designee will schedule an interview with the individual reporting the fraud.
5. When required by law, the Department of Education will be notified of cases of fraud.
6. Information gathered will be kept confidential and distribution of that information will be limited to those with an established need. Any individual reporting fraud is protected under 43 P.S. Section 1421 (Whistleblower Law) that "...prohibits an employer from discharging, threatening or otherwise discriminating or retaliating against an employee, or a person acting on behalf of an employee, who has made a good faith report of wrongdoing or waste to the employer or an appropriate authority, or when the employee is asked by an appropriate authority to participate in an investigation, hearing or court

action. ‘Wrongdoing’ is defined in the statute as any violation of any state, federal or local law, regulation, ordinance, code of conduct or code of ethics designed to protect the interest of the public or the employer.”

7. Additional interviews will occur as deemed necessary by the Superintendent or designee in consultation with District Solicitor. An individual or team of individuals will be assembled to perform all interviews. The interviewer(s) will be at least one level higher than the person involved in the potential fraud. This individual or team, if other than the Superintendent, will report often and periodically to the Superintendent on the progress and findings. The investigation will be conducted in an objective format. Throughout the investigation, the Superintendent or designee will monitor whether the investigation should be turned over to an outside organization with expertise in fraud investigations. All investigations will comply with applicable laws and rules regarding gathering information and interviewing witnesses.
8. If the investigation shows a likelihood of fraud, the School Board will be apprised of the situation. If the fraud is deemed substantial and worthy, law enforcement will be notified.
9. On the School District’s website, there will be an electronic form where individuals will be able to report any case of fraud. The results of which will be electronically sent to the Superintendent or designee.
10. Certain reports of fraud will require notification to regulators, law enforcement, insurers, or external auditors. The Superintendent or designee will consult with the Solicitor on which agencies should be notified.
11. Evidence will be protected so that it is not destroyed and so that it is admissible in legal proceedings.