

FISCAL RESPONSIBILITY

The Board acknowledges its fiduciary responsibility for funds received by the district. Board members, staff and others who have a business relationship with the Phelps Co. R-III School District will act with integrity, diligence and professionalism in matters involving the fiscal resources of the district. This policy applies to any irregularity involving employees, consultants, vendors, contractors or any other parties who have a business relationship with the district.

Audit Committee

The Board will establish an audit committee in accordance with Board policy on the establishment of committees and annually appoint members to the committee. The audit committee will consist of district employees whose positions are tied to the duties of the committee. The committee may consult with members of the community with expertise relevant to the completion of the audit committee's duties. The purpose of the audit committee is to serve as a liaison between the Board/administration and the auditor. The duties of the audit committee include:

1. Making recommendations to the Board regarding the selection of an accounting firm to conduct the annual district audit.
2. Ensuring that fraud prevention practices are in place and effective.
3. Reviewing Board-adopted ethics and conflict of interest policies and monitoring Board member and staff adherence to those policies as they relate to fiscal matters.
4. Reviewing administrative procedures relating to purchasing, payment, management of funds received through grants, and control of receipts from student activities and fundraisers. Any recommendations for improving these procedures will be forwarded to the superintendent or designee.
5. Working with auditors and any state or federal officials to facilitate all audits.

The audit committee will operate in accordance with the Missouri Sunshine Law.

Fraud Prevention

For the purpose of this policy, fraud (or fraudulent act or activity) is the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Fraudulent activity includes misappropriation and other fiscal irregularities, examples of which include, but are not limited to:

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1. Any dishonest or fraudulent act.
2. Misappropriation of funds, supplies or other assets.
3. Impropriety in the handling or reporting of money or financial transactions.
4. Profiteering as a result of insider knowledge of district activities.
5. Violation of applicable conflict of interest policies.
6. Accepting or seeking anything of material value from contractors, vendors or persons providing services or materials to the district except as allowed in the applicable conflict of interest policy.
7. Destruction, removal or inappropriate use of records, furniture, fixtures or equipment.
8. Any similar or related irregularity.

Reporting Suspected Fraud

Any person who has reasonable cause to suspect fraud should report that suspicion to the superintendent immediately. Employees or district volunteers who have reasonable cause to suspect fraud are required to report it and may be disciplined or dismissed for not doing so.

The superintendent may designate another administrator to receive such reports. If the allegation of fraud involves the superintendent or the designated administrator, the report should be made to the Board president. Reports will be kept confidential to the extent allowed by law. The person filing the report must not contact the suspected individual in an effort to determine facts or demand restitution and must not discuss the case, facts, suspicions or allegations with anyone until the investigation is complete unless specifically authorized to do so.

Investigating Suspected Fraud

The superintendent has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy and the authority to delegate that responsibility to another appropriate entity. During an investigation, the superintendent or designee will have access to all district records pertinent to the investigation and the authority to examine, copy or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without the prior knowledge or consent of any individual who might use or have custody of any such items. The superintendent or designee will maintain a record of any property or files removed. No person will

be permitted to alter, destroy, mutilate, conceal, cover up or falsify any record or document with the intent to impede, obstruct or influence an investigation.

If the investigation substantiates allegations that fraudulent activities have occurred, the superintendent or designee will issue reports to the Board of Education and any personnel deemed appropriate by the superintendent or designee. After consultation with the superintendent and legal counsel, the Board will decide whether to prosecute or refer the investigation results to appropriate law enforcement.

If the superintendent is the subject of the investigation, the Board president will designate an appropriate person to conduct the investigation.

Prohibited Activity

Employees who violate any portion of this policy are subject to discipline, including termination and referral for prosecution when appropriate.

No Board member or employee of the district will take adverse employment action against any individual who, in good faith, reports suspected fraud in accordance with this policy. No Board member or employee of the district will retaliate against any individual for providing truthful information to law enforcement in conjunction with an investigation regarding alleged financial misconduct.

Students who, in good faith, report suspected fraud or financial misconduct will not be disciplined or penalized for making such a report. Staff members who receive such a report are obligated to notify the superintendent or designee.

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Note: The reader is encouraged to check the index located at the beginning of this section for other pertinent policies and to review administrative procedures and/or forms for related information.

Adopted:

Revised:

Cross Refs: BBF, School Board Member Ethics
 BBFA, Board Member Conflict of Interest and Financial Disclosure

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BCE, Board Committees/Advisory Committees to the Board
GBCA, Staff Conflict of Interest

Phelps Co. R-III School District, Edgar Springs, Missouri