

## Operational Services

### Administrative Procedure - Fraud, Waste, and Abuse Awareness Program

The Grant Accountability and Transparency Act (GATA) (30 ILCS 708/) and federal regulations (2 CFR 200.113) require grant fund recipients to timely disclose, in writing, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal awarding agency or pass-through entity, e.g., Ill. State Board of Education (ISBE).

In alignment with best practices contained in ISBE's *Fiscal Procedures Handbook*, the District has a Fraud, Waste, and Abuse Awareness Program, which includes employee reporting procedures for suspected fraud, waste, or abuse. The District will take all appropriate measures to deter fraud, waste, and abuse.

#### Reporting

**The District encourages all District employees to be vigilant and report suspicions of fraud, waste, or abuse.** Employees who make good faith reports of suspected violations of law, public corruption or wrongdoing are protected from retaliation by the provisions of the Ill. Whistleblower Act (740 ILCS 174/). See the chart below for details on how to make a report.

#### Enforcement

Staff members found to have engaged in fraud, waste, or abuse will be disciplined, up to and including discharge. The District will also seek to recover any wrongfully obtained assets from the employee.

#### Definitions <sup>1</sup>

*Fraud* is defined as: (1) fraudulent financial reporting, (2) misappropriation of assets, and/or (3) corruption (bribery and other illegal acts). Examples of *fraud* include:

- Embezzlement, e.g., theft of cash, use of entity credit card or accounts payable systems to purchase personal items
- Collusion with others to circumvent internal controls
- Forgery or alteration of documents, e.g., checks, time cards, receipts, contracts, purchase orders, expense reimbursement paperwork, student bills, electronic files, bids, or other financial documents
- Fraudulent reporting of expenditures or other District financial information
- Misappropriation or misuse of resources, e.g., cash, securities, inventory, facilities, equipment, services, supplies, or other assets
- Impropriety in the handling or reporting of cash or financial transactions
- Unless properly authorized, accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials.

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The footnotes should be removed before the material is used.

<sup>1</sup> The definitions of *fraud*, *waste*, and *abuse* in this exhibit are based on those in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (September 2014). See sample policy 4:80, *Accounting and Audits*, at f/n 9 for further discussion of these standards, which have been endorsed by ISBE in its own GATA guidance.

- Authorization or receipt of payment for goods not received or services not performed, e.g., payments to fictitious employees or vendors
- Submitting multiple vouchers for the same expense reimbursement
- Using the District’s tax exempt status for purchase of personal items
- Authorization or receipt of unearned wages or benefits
- Personal use of District property in commercial business activities
- Identity theft
- Conflict of interest or other ethics violations
- Destruction, removal, or inappropriate use of records, buildings, furniture, fixtures, or equipment
- Any similar or related irregularity to those listed

*Waste* is the act of using or expending resources carelessly, extravagantly, or to no purpose.

*Abuse* is behavior that is deficient or improper compared to the behavior that a prudent person would consider reasonable and necessary operational practice given the facts and circumstances.

The terms *fraud*, *waste*, and *abuse* are not mutually exclusive; certain conduct may constitute fraud, waste, and/or abuse.

Roles, Responsibilities, and Reporting Procedures

| Actor            | Action  |
|------------------|---|
| Any Staff Member | <p>Staff members who suspect fraud, waste, and/or abuse should do the following:</p> <ol style="list-style-type: none"> <li>1. Make an oral or written report to the Superintendent that describes the factual basis of the suspicion, including any employees involved, a description of the alleged misconduct, and any supporting evidence. Oral reports shall be followed up in writing by the staff member or Superintendent.</li> <li>2. If the staff member does not feel comfortable identifying himself/herself in making a report, the employee may deliver the report anonymously to the attention of the Superintendent or make an anonymous call to the Superintendent.<sup>2</sup></li> <li>3. If the report concerns alleged misconduct by the Superintendent, the report may be either be made to a Complaint Manager identified in Board Policy 2:260, <i>Uniform Grievance Procedure</i>, who will notify the Board President of the report, or directly to the Board President.</li> <li>4. If the reporting staff member has evidence of fraud, waste, and/or abuse, he/she must preserve the evidence and provide it to the Superintendent or designee (or designated Complaint Manager or Board President, if the report concerns the Superintendent) charged with investigating the suspected fraud, waste, or abuse.</li> </ol> |

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<sup>2</sup> Other options for anonymous reporting may include setting up a separate *fraud hotline* at the District or allowing for anonymous reports to be submitted through the District’s website.

| Actor  | Action  |
|--|---|
| Superintendent and/or Designee (or Complaint Manager/Board President, for cases concerning the Superintendent) | <p>Manages actual or suspected fraud, waste, or abuse in the District. With respect to any investigation, the Superintendent and/or designee (or Complaint Manager/Board President, for cases concerning the Superintendent) shall:</p> <ol style="list-style-type: none"> <li>1. Ensure all reported instances of fraud, waste, or abuse are investigated by the District, and, if appropriate, reported to the proper authorities for further investigation and potential prosecution.</li> <li>2. Consult with the board attorney as needed regarding any investigation.</li> <li>3. Keep the Board informed of any ongoing investigations.</li> <li>4. Ensure the District cooperates with law enforcement in any criminal fraud investigations.</li> <li>5. Make all reasonable efforts to ensure the preservation of evidence relevant to an investigation.</li> <li>6. Effectuate (or recommend to the Board) discipline of employees who engage in fraud, waste, or abuse in accordance with Board policies and any applicable collective bargaining agreement(s).</li> <li>7. Manage communications with the media regarding investigations, as needed.</li> <li>8. Manage District efforts to seek recovery of wrongfully obtained assets, as appropriate.</li> </ol> |
| Superintendent and/or Designee   | <ol style="list-style-type: none"> <li>1. Manage annual communication of the District’s Fraud, Waste, and Abuse Awareness Program to staff and grant sub-recipients/subcontractors, including how employees should report suspected fraud, waste, or abuse.</li> <li>2. Manage ethics and standards of conduct training for all District employees.<sup>3</sup></li> <li>3. Periodically review the District’s Fraud, Waste, and Abuse Awareness Program and related reporting procedures.</li> </ol>   |

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<sup>3</sup> See sample policy 5:120, *Employee Ethics; Conduct; and Conflict of Interest* and sample administrative procedure 5:120-AP2, *Employee Conduct Standards*, for guidance regarding the possible content of such training. The School Code requires in-service training for all school personnel on educator ethics, teacher-student conduct, and school employee-student conduct all school personnel at least once every two years. 105 ILCS 5/10-22.39(f). However, the GATA *Fiscal and Administrative Internal Controls Questionnaire* (ICQ), which is annually administered to grantees statewide, asks if ethics and standards of conduct training is conducted at employee orientation, annually, or both. Districts should consult with their auditors and/or board attorneys for further guidance regarding such training.