

# FRAUD PREVENTION POLICY

**THE SCHOOL RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS DOCUMENT, IN WHOLE OR IN PART.**

## **SCOPE AND PURPOSE:**

This Policy applies to any and all contractors, Education Management Organizations (“EMOs”), vendors, agents, intermediaries, and their respective employees, contractors, subcontractors, or agents (collectively “Relevant Parties”) that are employed by, contracted, provide services to, or work with the school.

The purpose of this Policy and Procedure is to promote and guide the conduct of all Relevant Parties associated with the school, with a view to the avoidance of fraud and corruption and management of situations, which may be regarded as unethical conduct or behavior and to demonstrate that the school is committed to the detection and investigation of any such occurrences.

## **POLICY:**

*The school has the fiduciary duty and responsibility to comply with the South Carolina Charter Schools Act, S.C. Code §§ 59-40-10 et seq. (the “Act”), including the responsibility to regularly monitor its legal and fiscal compliance. The school is committed to conducting oversight of and protecting state and federal dollars, its revenue, expenditure and assets from any attempt by Relevant Parties of the school to gain financial or other benefits by deceit, bias or dishonest conduct.*

*The school’s commitment to fraud and corruption control will be managed by ensuring that fraudulent or corrupt activity is prevented, conflicts of interest are avoided, and auditing systems are in place to deter and/or identify corrupt activities.*

*All information, including but not limited to third-party reports, of suspected fraudulent and/or corrupt activity by a Relevant Party will be fully investigated and appropriate action taken.*

*All Relevant Parties must be aware of the school’s intention to (i) debar, suspend or dismiss a Relevant Party in the event of corruption or fraud on the school;(ii); (ii) report internal and/or external fraudulent or corrupt activity to law enforcement; and/or (iv) prosecute Relevant Parties found to be involved in fraudulent and/or corrupt behavior. The school will pursue recovery of any financial loss through civil proceedings.*

## **DEFINITIONS:**

**Fraud and Corruption** will be defined consistent with South Carolina law. Examples of prohibited misconduct that, depending on the facts and circumstances might constitute fraud or corruption include:

- Theft and/or misappropriation of school revenue in the form of cash, checks, money order, electronic funds transfer or other negotiable instrument;
- Theft of equipment, parts, software, and office supplies from the school;
- Deliberate over-ordering of materials or services to allow a proportion to be used for personal purposes;
- Submission of sham taxation arrangements for an employee or contractor to circumvent the school’s procedures for engagement of employees and contractors;
- Intentional submission of fraudulent, false, or redundant applications or invoices for reimbursement;
- Unauthorized amendment or correction to previously authorized forms;
- Knowingly executing a contract without authorization and/or knowing payment of funds without authorization which does not align with the charter contract or the charter;
- Payment of fictitious employees or suppliers;

- Falsification of time, training, or attendance records;
- Damage, destruction or falsification of documents for the purpose of material gain; and
- Misrepresentation of qualifications in order to secure a position of employment.

Corrupt conduct includes asking for, or receiving a financial or other benefit of any kind, undue influence of an officer, employee, or board member of the school for financial or other benefit of any kind, the acceptance of a bribe, in any form, which is punishable under federal or South Carolina law.

### **AUTHORITY TO INVESTIGATE AND DEBAR, SUSPEND OR TERMINATE CONTRACT**

Upon receipt of a report, or upon discovery of information, of suspected fraudulent and/or corrupt conduct of a Relevant Party, the school's Board has the authority to investigate the report and/or information of suspected fraudulent and/or corrupt conduct, to demand a third-party audit of the relevant records, and issue a report of findings. The school's Board has absolute discretion to determine the scope of the investigation.

The school has the primary fiduciary duty to investigate reports or information of suspected fraudulent and/or corrupt conduct of its Relevant Parties. The school should seek the opinion of an independent third-party that specializes in fraud detection, forensic accounting, or similar field to assess the presence of fraud before rendering a decision. If the Relevant Party does not provide full cooperation providing documents, information, etc. as requested by the independent third party, the Board can reach a presumptive conclusion about the presence of fraud.

Any Relevant Party that the school has found documented evidence of fraud or corrupt activity within the scope of work performed for the school, and/or documented evidence of a refusal to provide evidence requested during the investigation of suspected fraud or corrupt activity, after consultation with the school attorney, the school shall have authority to demand corrective action, debar, or suspend the vendor from further work and/or explore payment suspension and contract termination with the Relevant Party. The school will work with its legal counsel to decide if the contractor or vendor must be reported to the applicable law enforcement.

### **CAUSES FOR DEBARMENT, SUSPENSION, OR TERMINATION**

The causes for debarment, suspension, or termination may include, but are not limited to, the following:

- a. conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;
- b. conviction under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as Relevant Party for the school;
- c. conviction under State or Federal antitrust statutes arising out of the submission of bids or proposals;
- d. a determination by the school Board that a Relevant Party engaged in corruption or fraudulent conduct;
- e. any other cause which constitutes extreme circumstances so serious and compelling as to affect responsibility as a school contractor, including debarment, suspension, or termination by another governmental entity for cause;

**RECOVERY OF LOSSES**

In each case where there is clear evidence of fraud or corruption, the school, in consultation with the school’s attorney, will consider all reasonable avenues available for recovering any funds lost or compensation for other fraud losses. Due consideration will be given to the likely benefits of recovery action exceeding the funds and/or resources required for the recovery action.

**RIGHT TO PROTEST DECISION OF SCHOOL BOARD**

The suspended, debarred, or terminated Relevant Party that has been issued sanctions or investigation costs by the school pursuant to this Policy, has the right to protest the decision of the school. The protest shall be submitted in writing to the Board, setting forth the grounds and facts applicable thereto for the protest, within fourteen (14) days after such suspended Relevant Party has received written notice of the school’s decision to suspend, debar, or terminate the contract. The filing of a protest shall not stay the performance of the contract unless fraudulent.

**AUTHORITY TO RESOLVE PROTESTS**

The school should seek the opinion of an independent third-party that specializes in fraud detection, forensic accounting, or similar field to assess the presence of fraud. The findings of the third-party should be considered when settling and resolving a protest.

**DECISION OF SCHOOL BOARD**

Decision – If the protest is not resolved by mutual agreement, the Board shall issue a decision in writing within thirty (30) days. The decision shall:

- a. State the reasons for the action taken.

Notice of Decision – A copy of the decision shall be mailed or otherwise furnished immediately to the protestant and any other party intervening.

Finality of Decision – A decision shall be final and conclusive, unless any person adversely affected by the decision appeals administratively.

Failure to Render Timely Decision - If the written decision required under this Section is not entered within thirty (30) days after written request for a said decision, or within such longer period as may be agreed upon, then the Relevant Party shall proceed as if an adverse decision had been received.

**Document History**

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