

# FRAUD PREVENTION AND REPORTING

Policy 665  
Page 1 of 3

The School Board is committed to the responsible stewardship of all resources that are entrusted to the District, including but not limited to all financial resources that are under the District's management and control. Fraud, in any form and perpetrated by any person connected to the District, interferes with this commitment. Fraud can exist even in situations that do not involve the receipt of an improper private benefit. Examples of conduct that the Board prohibits and considers to involve fraud include the following:

1. Theft, misappropriation, or conversion;
2. Bribery, including certain quid pro quo arrangements and giving or receiving kickbacks;
3. The making of false claims, false records, false certifications, or other false statements;
4. Lack of performance of an obligation while accepting consideration for such performance;
5. Self-dealing or arranging for other private benefits that are contrary to the public interest, including making or receiving overpayments;
6. Providing information or making a representation that is intentionally incomplete or misleading, including failing to fully cooperate and be fully forthcoming in any investigation into possible wrongdoing;
7. Covering up wrongdoing (e.g., by destroying evidence);
8. The failure to receive, use, or expend resources for their intended or authorized public purpose, including the gross mismanagement of District-controlled resources or engaging in non-authorized transactions; or
9. Aiding another person's fraudulent conduct.

To assist with the prevention, mitigation, and prosecution of fraudulent activity, the Board directs the administration to:

1. Establish, model, and enforce strong ethical standards in all District programs and operations;
2. Implement and monitor strong internal controls (i.e., systems and procedures) that can limit opportunities to engage in fraudulent conduct, identify irregularities, and reveal evidence of fraudulent conduct after it occurs;
3. Create and foster a climate that encourages and facilitates the timely reporting of fraud, suspected fraud, or suspicious circumstances that should be further investigated;
4. Diligently investigate all reasonably credible reports of fraud or possible fraud; and
5. When any instance of fraud is substantiated, engage in appropriate follow-up, including making additional state or federal reports and pursuing appropriate consequences and remedies (such as disciplinary action and/or referral for possible legal action).

# FRAUD PREVENTION AND REPORTING

Policy 665  
Page 2 of 3

## Reports and Investigations of Fraud or Suspected Fraud

Except in situations where an employee exercises a legal right to make a confidential report to an external agency or to participate in an official investigation or legal proceeding that is not disclosed to his or her employer, any employee who has knowledge of or who has reason to suspect fraud or any similar impropriety in relation to any aspect of District programs or operations shall immediately report the relevant circumstances to his or her supervisor and/or to the District Administrator. In the event the concern or complaint involves the District Administrator, the concern shall be brought to the attention of the District Bookkeeper and Board President. Such reports may involve or relate to the conduct of any person, including District employees, Board members, volunteers, consultants, vendors, contractors and other parties maintaining any business or programmatic relationship with the District.

In directing employees to make the internal reports referenced in the previous paragraph, the District shall in no way prevent or interfere with an employee making a report or providing information to a state or federal regulatory or law enforcement agency (including the U.S. Department of Education's Office of Inspector General) or to any court or grand jury.

The Board also encourages any other person who has knowledge of or who has reason to suspect fraud or some other similar impropriety in relation to any aspect of District programs or operations to report the relevant circumstances to the District Administrator and Board President.

No official, employee, or agent of the District may retaliate or discriminate against any person who, acting reasonably and in good faith, has filed a report under this policy or participated in any investigation related to a report of fraud, suspected fraud, or other similar impropriety. In connection with employees, prohibited retaliation and discrimination include discharge, demotion, or other adverse employment actions based upon an employee's protected activity.

Following a report of alleged or suspected fraud, and except in the case of a report involving his or her own actions, the District Administrator shall be responsible for initiating necessary investigations. Whenever necessary or appropriate, investigations will be conducted in coordination with District legal counsel and/or with other internal or external departments, agencies, or officials. Although strict and absolute confidentiality cannot be guaranteed, the confidentiality concerns of all involved parties shall be a consideration in the manner in which any investigation is conducted, including the manner in which relevant records are maintained.

To the extent required by federal law, the District shall make a report to the U.S. Department of Education (or other applicable federal agency's) Office of Inspector General any time the District has credible evidence of the making of any false claims for federal funds or the commission of a violation of any laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving federal funds.

## Legal References:

### Wisconsin Statutes

- [Section 19.42](#) [statutory definitions related to the code of ethics for local government officials]  
[Section 19.59](#) [ethical standards for local government officials]

# FRAUD PREVENTION AND REPORTING

**Policy 665**  
Page 3 of 3

[Section 946.12](#) [misconduct in public office]  
[Section 946.13](#) [prohibiting public officials and employees from having a private interest in a public contract]

## State Guidance

[Wisconsin Uniform Financial Accounting Requirements \(WUFAR\)](#)  
[Department of Public Instruction School District Audit Manual Index](#)

## Federal Law

[31 U.S.C. §3729](#) [federal False Claims Act]  
[41 U.S.C. §4712](#) [federal whistleblower protections; initially effective through July 2017]  
[2 C.F.R. §200.300](#) [federal Uniform Guidance regulation referencing statutory requirements for whistleblower protections]

## Cross References:

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