

It is the responsibility of the board of trustees to protect the funds and physical assets of the district against fraud, waste, and abuse that may occur as a result of wrongful acts of officers, employees, vendors or agents of the district.

DUTY TO REPORT

Any individual who reasonably believes that an act of fraud, waste, or abuse has occurred or is occurring, whether it pertains to district, state or federal programs, shall report such allegations to the superintendent or designee, or if the allegations involve the superintendent or designee, to the board chair. Reports may also be made to the business manager, if appropriate.

Reports may be made verbally or in writing. Anonymous reports will be accepted and reviewed to the extent possible. Retaliation against any individual who makes a good faith report is strictly prohibited.

DEFINITIONS

“Abuse” means the excessive or improper use of something, or the employment of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the district; or extravagant or excessive use so as to abuse one’s position or authority.

“Corruption” includes dishonest proceedings, bribery, debasement, alteration, or perversion of integrity.

“Fraud” means the intention deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to the district that could result in a tangible or intangible benefit to themselves, others, or the district, or could cause detriment to others or the district. Fraud includes a false representation of a matter of fact, whether by words or conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

“Theft” means and includes stealing or wrongful taking, obtaining, withholding or appropriating property or funds of the district.

“Waste” means the intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use or squandering of resources owned or operated by the district to the detriment or potential detriment of the district. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

For purposes of this policy, fraud, waste, abuse and theft includes, but is not limited to:

- Misappropriation of district funds, property, or assets, including embezzlement;

- Forgery or unauthorized alteration of checks, financial documents, or records;
- Unauthorized use of district credit cards, purchasing cards, fuel cards, or accounts;
- Falsification of timecards, invoices, receipts, or reimbursement claims;
- Theft of cash, supplies, equipment, or inventory;
- Bid-rigging, kickbacks, bribery, or conflicts of interest involving financial gain;
- Knowingly providing false financial information; or
- Any act intended to secure unlawful personal benefit from district resources.

INTERNAL CONTROLS AND PREVENTION MEASURES

The superintendent or designee shall establish and maintain a system of internal controls designed to:

- Prevent, detect, and deter fraud, theft, and financial irregularities;
- Ensure proper segregation of duties;
- Provide oversight of cash handling, purchasing, payroll, and accounting functions;
- Require documentation and approval for all financial transactions;
- Ensure compliance with Idaho Code, including:
 - Idaho Code §18-5701 *et seq.* – Public Funds and Securities
 - Idaho Code §33-701 *et seq.* – Fiscal Affairs of School Districts
 - Idaho Code §67-2800 *et seq.* – Purchasing by Political Subdivisions

Examples of specific internal controls that may be implemented by the superintendent or designee include:

1. **Budgetary Transfers.** The transfer of appropriations is important for the superintendent, authorized purchasing agent(s), business manager, and board treasurer, and all should have written confirmation of the information. The authorized purchasing agent(s) shall be apprised if the transfer has been approved, the treasurer shall document it, and the business manager shall record it.
2. **Treasurer's/Business Manager's Receipts.** The board treasurer/business manager (choose one or both) should maintain receipts and numbered duplicates for everything paid out in their custody.
3. **Checks.** The board treasurer/business manager (choose one) shall keep personal custody of any signature stamps and maintain a log for every check written.
4. **Audit.** An individual not connected to the business office should audit the check register regularly.
5. **Background Checks on Potential Business Office and Other Employees.** Check all possible references, not just those offered, and perform criminal background checks on key business officials and other positions responsible for district property and/or finances.
6. **Segregation of Functions.** Segregate functions within the business office so as to avoid the opportunity for fraud without collusion.

The district will provide periodic training to staff responsible for financial duties of their obligations under this policy and federal and state law.

INVESTIGATION PROCEDURES

Upon receiving a report of suspected fraud, waste, abuse, or theft, the superintendent or designee shall take the following actions:

1. Initiate a prompt, confidential review of the allegations.
2. Secure relevant records, documents, and electronic data to prevent destruction or tampering.
3. Determine whether an internal investigation, external auditor review, or law enforcement referral is warranted.
4. Document all investigative steps and findings.

All reports and investigations shall be handled with discretion. Information will be shared only with individuals who have a legitimate need to know or as required by law.

If evidence indicates that a crime may have occurred, the matter shall be referred to law enforcement. The district may place an employee suspected of fraud, waste, abuse or theft on administrative leave during the investigation, consistent with district policy and applicable law.

Employees may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing what they believe is reasonable evidence of gross mismanagement of a federal contract, a gross waste of federal funds an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract or grant. Employees must be notified of whistleblower rights and protections under 41 U.S.C. §4712.

An employee who believes they have suffered reprisal, retaliation, or discrimination for a report under this policy shall report the incident(s) to the superintendent or designee. The board will attempt to ensure that no employee who makes such a report will suffer any form of reprisal, retaliation, or discrimination for making the report. Employees are prohibited from preventing or interfering with those who make good faith disclosures of misconduct. This policy shall not apply to any employee who knowingly makes a false report.

In the event the complaint of suspected fraud, waste, abuse or theft involves the superintendent, the complaint shall be brought to the attention of the board chair, who is empowered to contact the district's legal counsel, auditing firm, and any other agency, as appropriate, to investigate the complaint.

MANDATORY DISCLOSURES

As provided by 2 CFR §200.113, the district must promptly disclose whenever it finds credible evidence of a violation of the following in connection with a federal award, including any activities or subawards:

1. Federal criminal law involving:
 - a. Fraud;
 - b. Conflicts of interest; or
 - c. Bribery;
2. Gratuity violations found in Title 18, U.S.C.; or
3. A violation of 31 U.S.C. §§3729-3733.

The disclosure must be made in writing to the federal agency, the agency’s office of inspector general, and to any pass-through entity, if applicable. The district and any of its subrecipients are also required to report matters related to recipient integrity and performance in accordance with Appendix XII of 2 CFR part 200.

CONSEQUENCES AND CORRECTIVE ACTION

Individuals found to have engaged in financial fraud, waste, abuse, or theft, or related misconduct, may be subject to:

- Disciplinary action, up to and including termination;
- Restitution of misappropriate funds or property;
- Civil action to recover losses;
- Referral to law enforcement for criminal prosecution; or
- Revocation of vendor or contractor privileges.

The district may also implement corrective measures to strengthen internal controls to prevent recurrence.

ANNUAL REVIEW

The superintendent or designee shall review this policy and related internal controls annually and recommend updates to the board as needed to ensure compliance with Idaho and federal law, best practices, and audit findings.



LEGAL REFERENCE:

Idaho Code Sections

- 6-2101 *et seq.* – Protection of Public Employees (Whistleblower law)
- 18-1301 *et seq.* – Bribery and Corruption
- 18-2401 *et seq.* – Theft
- 18-3101 *et seq.* – False Pretenses, Cheats and Misrepresentations
- 18-3201 *et seq.* – Falsifying, Mutilating or Concealing Public Records or Written Instruments
- 18-3601 *et seq.* – Forgery and Counterfeiting
- 18-5701 *et seq.* – Public Funds and Securities
- 33-701 *et seq.* – Fiscal Affairs of School Districts

18 U.S.C. – Crimes and Criminal Procedure

31 U.S.C. §§3729-3733 – False Claims Act

31 U.S.C. §6503 – Intergovernmental Financing (Cash Management Improvement Act of 1990)

41 U.S.C. §4712 – Enhancement of Contractor Protection from Reprisal for Disclosure of
Certain Information

ADOPTED: March 17, 2026

AMENDED: