



DIH - FRAUD PREVENTION AND FISCAL MANAGEMENT

Authority

The Board expects all Board members, Academy employees, volunteers, consultants, vendors, contractors and other parties that maintain a relationship with the Academy to act with integrity, due diligence, and in accordance with law in their duties involving the Academy's resources. The Board is entrusted with public funds, and no one connected with the Academy shall do anything to erode that trust.

Definitions

Fraud, financial improprieties, or irregularities include but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the Academy.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other assets.
4. Impropriety in handling money or reporting financial transactions.
5. Profiteering because of insider information of Academy information or activities.
6. Disclosure of confidential and/or proprietary information to outside parties.
7. Acceptance or seeking of anything of material value, other than items used in the normal course of advertising, from contractors, vendors, or persons providing services to the Academy.
8. Destruction, removal, or inappropriate use of Academy records, furniture, fixtures, or equipment.
9. Failure to provide financial records to authorized state or local entities.
10. Failure to cooperate fully with any financial auditors, investigators, or law enforcement.
11. Other dishonest or fraudulent acts involving Academy monies or resources.

Delegation of Responsibility

The Executive Director or designee shall be responsible to develop and implement internal controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the Academy, subject to review and approval by the Board.

The Executive Director shall be responsible for maintaining a sound system of internal controls that is designed to identify potential risks, evaluate the nature and extent of those risks, and manage them effectively.

Academy administrators are responsible to be alert to any indication of fraud, financial impropriety, or irregularity within their areas of responsibility.

The Executive Director shall ensure the appropriate authorities are notified, pursuant to state law, when cases of fraud, embezzlement or theft have been identified.

Reporting

An employee who suspects fraud, impropriety, or irregularity shall immediately report his/her suspicions to the Executive Director. If the report involves the Executive Director, the employee shall report his/her suspicions to the Board Chair. Employees who bring forth a legitimate concern or suspicion about a potential impropriety shall not be retaliated against. Those who do retaliate against such an employee shall be subject to disciplinary action.

Investigation

The Executive Director shall have primary responsibility for conducting necessary investigations of reported fraudulent activity.

Based on his/her judgment, the Executive Director shall coordinate investigative efforts with the Academy's auditor, insurance agent, external agencies, and law enforcement officials, if applicable.

If the Executive Director is involved in the complaint, the Board Chair is authorized to initiate an investigation of the complaint and coordinate the investigative efforts with individuals and agencies s/he deems appropriate.

Records shall be maintained for use in an investigation.

Individuals found to have altered or destroyed records shall be subject to disciplinary action. If an investigation substantiates the occurrence of fraudulent activity, the Executive Director shall present a report to the Board and appropriate personnel.

The Board shall determine the final disposition of the matter, if a criminal complaint will be filed, and if the matter will be referred to the appropriate law enforcement and/or regulatory agency for an independent investigation.

Confidentiality

The Executive Director shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the individuals and facts. All employees involved in the investigation are required to maintain confidentiality regarding all information about the matter during the investigation. Results of an investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate right to know until the results are made public.

Prevention

To prevent fraud, the Board directs that a system of internal controls be followed that include but are not limited to the following:

{ } Segregation of Duties - Where possible, more than one (1) person will be involved in pieces of financial transactions. No one (1) person shall be responsible for an entire financial transaction.

{ } Payments - Payments shall be made only by checks. Cash transactions shall be permitted with prior authorization. Check signers shall be approved by the Board and will consist of persons not involved in the transaction. All payments shall have at least two (2) signatures, one Board Member will sign the checks and the manifest; the Director will approve items in the manifest. Electronic approval is considered appropriate with documentation.

{ } Bank Reconciliations - Bank statements and canceled checks shall be reconciled by individuals who are not authorized to sign checks.

{ } Access to Checks - Physical and electronic access to Academy checks and accounts shall be limited to those employees with designated business functions.

{ } Capital Assets - The Academy shall maintain updated lists of Academy capital assets.

{ } Training - Administrators shall be responsible for ensuring that employees under their supervision receive training regarding fraud prevention.

References:

- None

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Date of Last Revision: None

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