Reporting, Investigating, and Prosecuting Fraud, Embezzlement, and Other Irregularities

I. Purpose

Under the procedures set forth in this regulation, all suspected fraudulent or irregular conduct involving Prince William County Public Schools (PWCS) or PWCS programs, departments, or activities will be promptly reported, investigated, and prosecuted where appropriate. The School Division will take all measures necessary to pursue legal remedies and/or administrative discipline, should such conduct be deemed founded.

II. Definitions

A. Fraud: A false representation of a matter of fact with the intent to deceive. Fraud differs from irregularities by the intent with which it has occurred. If there is any question as to whether an action constitutes fraud, the Director of the Office of Risk Management and Security Services will be contacted for guidance. Such acts include, but are not limited to, the following:

1. Forgery or alteration of documents (e.g., checks, time sheets, independent contractor agreements, purchase orders, budgets, diplomas, transcripts, employment applications);
2. Misrepresentation of information on documents or to school authorities;
3. Dishonest statements made to gain money, property, credit, authorization, or approval;
4. Obtaining money or property by false pretense; and
5. Aiding or abetting another in such acts.

B. Other Irregularities: Irregularities are usually characterized as unusual events or circumstances involving improper and/or criminal conduct negatively impacting Division assets, funds, property, operations, or activities. Irregularities include, but are not limited to, the following:

1. Misappropriation or embezzlement of funds, securities, supplies, property, or any other asset;
2. Theft, disappearance, conversion, or destruction of any funds, securities, property, or any other asset;
3. Improprieties in the handling, recording, or reporting of money transactions;
4. Authorizing or receiving payments for goods not received or services not performed;
5. Authorizing or receiving payment for hours not worked;
6. Acceptance of gifts for favors or influence;
7. Any apparent violation of federal, state, or local laws related to dishonest activities or fraud;
8. Any similar or related activity; and/or
9. Aiding or abetting another in such acts.

C. Employee: For purposes of this regulation only, any individual who receives compensation, either full or part time, from PWCS is an employee. The term also includes any volunteer who provides services to PWCS through an official arrangement with PWCS, or to a PWCS school, department, or organization.

D. Retaliation: When an individual takes or initiates action against, or penalizes another, for reporting fraud or irregularities or for cooperating, giving testimony, or participating in any manner in an audit or investigation, or related proceeding or hearing.

III. Responsibilities and Reporting

A. Management: All PWCS managers will be familiar with Policy 351, “Reporting, Investigating, and Prosecuting Fraud, Embezzlement, and Other Financial Irregularities,” with the content of this regulation, and will be alert to the types of improprieties that could occur within their areas of responsibility and for any indication of fraud or other irregularity. All management and administrative personnel are responsible for establishing and implementing internal controls to prevent and detect defalcation, misappropriation, and other irregularities. Members of management and the PWCS administration will also be responsible for implementing required procedures to assure the safety and security of the School Division’s assets, revenue, and financial data. Any irregularity that is detected or suspected by any employee will immediately be reported to the Director of the Office of Risk Management and Security Services.

B. All Employees: All PWCS employees will also be familiar with Policy 351, “Reporting, Investigating, and Prosecuting Fraud, Embezzlement, and Other Financial Irregularities” and with the content of this regulation. Any employee who has knowledge of an occurrence of dishonesty, theft, fraud, or irregularity, or who has reason to suspect that such conduct has occurred by an employee or by any person against the School Division, will immediately notify his or her immediate supervisor. Should there be reason to believe that his or her immediate supervisor may be involved, the employee will notify his or her supervisor’s supervisor, principal, program manager, or director. If the employee prefers, he or she may notify the Director of the Office of Risk Management and Security Services directly to report allegations of fraud or irregularity. The employee will not attempt to investigate the suspected fraud or irregularity, or discuss the matter with anyone other than his or her supervisor, principal, department director, or the officials conducting the investigation. Failure to timely report actual or suspected dishonesty, theft, fraud, or other irregularity may be grounds for disciplinary action, up to and including dismissal.
Allegations will be treated with the highest degree of sensitivity and confidentiality. Care will be taken in dealing with suspected irregular activities to avoid inaccurate accusations, alerting suspected individuals that an investigation is underway, treating such individuals unfairly, or making statements that could lead to claims of false accusations or other offenses. Every employee will cooperate with investigations pursuant to this regulation.

C. Risk Management and Security Services: The Office of Risk Management and Security Services will perform investigations to determine whether fraud, or other irregularity, as suspected, has occurred. These investigations may involve a coordinated team effort by the Chief Internal Auditor, internal investigators, and police investigators. It may also involve legal counsel, security personnel, and other specialists from inside or outside PWCS. The Director of the Office of Risk Management and Security Services will coordinate with the Department of Human Resources regarding decisions to determine employee status and to notify the appropriate police department unit in cases that require such notification. Any personnel action taken regarding the employee who is the subject of the investigation will be done in a manner that does not interfere with or compromise the investigation. The Director of the Office of Risk Management and Security Services will meet with the Director of the Office of Financial Services and the Chief Internal Auditor quarterly to discuss issues that may impact internal controls.

D. Internal Audit: If during the course of performing an internal audit, it is suspected that fraud or other irregular activity has occurred, such activity may be initially investigated by the Chief Internal Auditor. If the evidence supports the commission of a potentially fraudulent or irregular act, the Chief Internal Auditor will notify the Director of the Office of Financial Services and the Director of the Office of Risk Management and Security Services for further investigation.

E. Since investigations involving fraud, embezzlement, or other financial irregularities may be conducted by the Office of Internal Audit, the Office of Financial Services, or the Office of Risk Management and Security Services, the reports of those investigations will be copied to all three Offices as well as Division Counsel.

IV. Scope

This regulation applies to all PWCS employees as previously defined.

The Associate Superintendent for Finance and Support Services (or designee) is responsible for implementing and monitoring this regulation.

This regulation and related policy shall be reviewed at least every five years and revised as needed.