

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: December 21, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **REPORT ON THE PROPOSED NEW BOARD OF EDUCATION
POLICY 8410 – FRAUD REPORTING**

ORIGINATOR: Margaret-Ann Howie, Esq., General Counsel

**RESOURCE
PERSON(S):** Frances Parker, Chief Auditor, Office of Internal Audit

RECOMMENDATION

That the Board of Education reviews the proposed new Policy 8410.
This is the first reading.

Attachment I – Policy Analysis
Attachment II – Policy 8410

**POLICY ANALYSIS FOR
BOARD OF EDUCATION POLICY 8410
FRAUD REPORTING**

Statement of Issues or Questions Addressed

New policy has been developed to clearly advise employees of their fiduciary obligations in handling board assets; establish the mandate for reporting fraud and fiscal impropriety; and prohibit retaliation for reporting fraud.

Cost Analysis and Fiscal Impact on School System

None

Relationship to Other Board of Education Policies

1. Board of Education Policy 4008, *Obligations of Employees of the Board of Education of Baltimore County*
2. Board of Education Ethics Code Policy, Series 8360
3. Board of Education Policy 8400, *Internal Audit: All Funds*

Legal Requirements

None

Similar Policies Adopted by Other Local School Systems

1. Board of Education of Montgomery County, Regulation GCB-RA, *Reporting Fraudulent Actions by MCPS Employees, Agents or Contractors*

Draft of Proposed Policy

Attached

Other Alternatives Considered by Staff

No other alternatives were considered

Timeline

First reading – December 21, 2010

Public comment – January 11, 2011

Third reading/vote – February 8, 2010

INTERNAL BOARD OPERATIONS: OFFICE OF INTERNAL AUDIT

FRAUD REPORTING

I. PHILOSOPHY

- A. THE BOARD OF EDUCATION OF BALTIMORE COUNTY (BOARD) ACCEPTS ITS FIDUCIARY RESPONSIBILITY AND ROLE CONCERNING THE SOUND MANAGEMENT OF PUBLIC FUNDS ENTRUSTED TO IT. AS A RESULT, EACH BOARD EMPLOYEE IS EXPECTED TO PERFORM WITH THE HIGHEST ETHICAL STANDARDS, AND TO FOLLOW ANY AND ALL APPLICABLE LAWS, REGULATIONS, BOARD POLICIES AND SUPERINTENDENT'S RULES CONCERNING THE PROPER DISPOSITION AND USE OF BOARD FUNDS, PROPERTY AND RESOURCES.
- B. BOARD EMPLOYEES ENGAGING IN FRAUDULENT ACTIVITY ARE SUBJECT TO DISCIPLINARY ACTION, UP TO AND INCLUDING DISMISSAL, AS WELL AS CIVIL AND/OR CRIMINAL PROSECUTION.

II. RESPONSIBILITY

- A. IT IS THE RESPONSIBILITY OF EACH EMPLOYEE TO REPORT IMMEDIATELY ANY AND ALL INSTANCES OF SUSPECTED FRAUD OR FISCAL IMPROPRIETY THROUGH THE ANONYMOUS HOTLINE OR TO HIS/HER IMMEDIATE SUPERVISOR.
- B. ALL REPORTS OF FRAUD OR FISCAL IMPROPRIETY SHALL IMMEDIATELY BE FORWARDED TO THE OFFICE OF INTERNAL AUDIT FOR APPROPRIATE HANDLING.

III. REPORTING

FOR THE PURPOSES OF THIS POLICY, FRAUDULENT CONDUCT THAT MUST BE REPORTED INCLUDES, BUT IS NOT LIMITED TO:

- A. ANY DISHONEST OR FRAUDULENT ACT INVOLVING BOARD FUNDS, PROPERTY OR RESOURCES.
- B. FORGING, ALTERING, FALSIFYING, OR OTHERWISE TAMPERING WITH ANY BOARD OR SCHOOL SYSTEM DOCUMENT, ACCOUNT AND/OR SIGNATURE.

- C. MISAPPROPRIATING CASH, SECURITIES, INVENTORY, SUPPLIES, FIXED ASSETS OR OTHER BOARD ASSETS.
- D. DISCLOSING AND/OR DIVULGING CONFIDENTIAL AND/OR PROPRIETARY INFORMATION TO OUTSIDE PARTIES.
- E. ACCEPTING AND/OR SEEKING ANYTHING OF MATERIAL VALUE, OTHER THAN ITEMS USED IN THE NORMAL COURSE OF ADVERTISING, FROM CONTRACTORS, VENDORS, OR PERSONS PROVIDING SERVICES TO THE SCHOOL SYSTEM.
- F. DESTROYING, REMOVING, OR INAPPROPRIATELY USING SCHOOL SYSTEM RECORDS, FURNITURE, FIXTURES, OR EQUIPMENT.
- G. IMPROPER HANDLING OR REPORTING OF BOARD ASSETS OR TRANSACTIONS.

IV. RETALIATION

THE BOARD PROHIBITS RETALIATION OF ANY KIND AGAINST ANY BOARD EMPLOYEE WHO MAKES A GOOD FAITH REPORT OF PERCEIVED FRAUD OR IMPROPRIETY AS REQUIRED BY THIS POLICY.

V. ANNUAL NOTICE

THE BOARD DIRECTS THE SUPERINTENDENT TO NOTIFY EMPLOYEES ANNUALLY OF THE EXISTENCE OF THIS POLICY AND THEIR REPORTING RESPONSIBILITIES AND PROTECTION AGAINST RETALIATION.

RELATED POLICIES: BOARD OF EDUCATION POLICY 4008, *OBLIGATIONS OF EMPLOYEES OF THE BOARD OF EDUCATION OF BALTIMORE COUNTY*
BOARD OF EDUCATION ETHICS CODE POLICY, SERIES 8360
BOARD OF EDUCATION POLICY 8400, *INTERNAL AUDIT: ALL FUNDS*

POLICY
ADOPTED: _____

BOARD OF EDUCATION OF BALTIMORE COUNTY