

Philosophy

The Board believes student success is best achieved by empowered and effective leaders who are role models of honest and ethical behavior. Therefore, the Board expects any and all parties involved in the District's financial transactions to act with integrity, competency, and diligence.

Note: Additional guidance regarding conflicts of interest, ethics, and financial oversight may be found in the following policies and published administrative regulations and handbooks:

- Code of ethics:
for Board members—BBF
for employees—DH
- Financial conflicts of interest:
for public officials—BBFA
for all employees—DBD
for vendors—CHE
- Compliance with state and federal grant and award requirements: CB, CBB
- Financial conflicts and gifts and gratuities regarding federal funds: CB, CBB
- Systems for monitoring the District's investment program: CDA
- Budget planning and evaluation: CE
- Compliance with accounting regulations: CFC
- Activity fund management: CFD
- Criminal history record information for employees: DBAA, DC
- Disciplinary action for fraud by employees: DCD, DCE, and DF series

Fraud and Financial Impropriety

The District strictly prohibits fraud, financial impropriety, or any other illegal activities in the actions of its Trustees, employees, vendors, contractors, agents, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Definition

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.

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2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy. [See CB, DBD]
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide financial records required by federal, state, or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.
13. Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.

Financial Controls and Oversight

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

Fraud Prevention

Accountability for the effectiveness of fraud prevention cannot be delegated and shall remain with supervisors and managers. Personnel with supervisory or review authority shall have the following fraud prevention responsibilities:

1. Understand the areas within his or her authority that may be at risk for fraud.

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2. Establish and maintain effective controls and procedures to prevent acts of fraud or wrongdoing.
3. Establish and maintain effective controls and procedures to promptly detect attempted acts of fraud or wrongdoing, should prevention efforts fail.

Accountability for the effectiveness of these responsibilities cannot be delegated and shall remain with supervisors and managers.

Reports

Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. Failure to report suspicions about suspected fraud or financial impropriety or failure to cooperate with an ongoing investigation of such matters could result in disciplinary consequences up to and including termination.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

Protection from
Retaliation

Neither the Board nor any District employee shall unlawfully retaliate against a person who in good faith reports suspected fraud or financial impropriety. [See DG]

Fraud Investigations

As appropriate, members of the FBISD Police, Legal Services, Human Resources, Internal Audit, and Technology departments, either independently or in collaboration, shall have the primary responsibility for the investigation of suspected fraudulent acts.

Ethics Hotline

To facilitate reporting of suspected violations, especially in those situations where the reporting individual wishes to remain anonymous, the District has established a telephone/web reporting hotline. The District's Ethics Hotline is operated by an independent third party who will report all incidences directly to designated members of the Legal Services and Human Resources departments immediately after receiving notice of a concern. If the report involves the Superintendent, the designated members of the Legal Services and Human Resources departments shall submit the report to the President of the Board of Trustees. The designated members of the Legal Services and Human Resources departments shall have the primary responsibility for overseeing all investigations and follow up.

Individuals may submit an incident report of suspected violations by calling the Ethics Hotline at (877) 472-2110, by accessing the

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link on the District's website, or reporting at www.lighthouse-services-cms.com.

The District's Ethics Hotline is separate from the FBISD Crime Stoppers program. Individuals may also report illegal activities to the Crime Stoppers hotline by calling (281) 491-TIPS (491-8477).

Response

If an investigation substantiates a report of fraud or financial impropriety involving the commission of a felony offense, the Superintendent or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration. If the investigation substantiates a report of fraud or financial impropriety involving the Superintendent, the investigation report shall be submitted to the President of the Board of Trustees.

If an employee is found to have committed fraud or financial impropriety, the Superintendent or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the District shall take appropriate action, which may include cancellation of the District's relationship with the contractor or vendor.

When circumstances warrant, the Board, Superintendent, or designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the District, the District may seek to recover lost or misappropriated funds.

The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.

Analysis of Fraud

After any investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent or designee shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Audit Committee for review.

Federal Awards Disclosure

The District shall disclose, in a timely manner in writing to the federal awarding agency or pass-through entity, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting a federal grant award. [See CBB]