

Fraud Prevention Policy

PURPOSE: To ensure that the Superior District Library Board of Trustees (Trustees) and employees avoid fraud or related misconduct, and conduct themselves in accordance with high ethical standards in reporting, investigating and resolving fraud or related misconduct as defined in Section 1 of this policy.

To establish a method of reporting theft and fraud within the Superior District Library ("Library").

This policy outlines the procedure for employees to report instances of theft or fraud in the workplace, and the procedure that will be followed after a report is made.

STATEMENT OF POLICY:

Section 1. Fraud is defined as a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means.

All fraudulent acts or related misconduct are included under this policy and include, but are not limited to, such activities as:

- Embezzlement, theft, misappropriation or other financial irregularities.
- Forgery or alteration of documents (checks, time sheets, contractor agreements, purchase orders, other financial documents, electronic files).
- Improprieties in the handling or reporting of financial transactions.
- Misappropriation of funds, securities, supplies, inventory or any other asset (such as furniture, fixtures, equipment, materials), including assets of the Library, our patrons, suppliers, or others with whom we have a business relationship.
- Authorizing or receiving payment for goods not received or services not performed.
- Authorizing or receiving payments for hours not worked or expenses not accrued and documented.
- Profiteering as a result of insider knowledge of Library activities.

Section 2. Fraud and related misconduct will not be tolerated. Employees found to have participated in such conduct will be subject to disciplinary action, up to and including termination. Trustees found to have participated in such conduct will be subject to removal from the Library Board.

Section 3. Trustees and employees are expected to use their best efforts to recognize risks and exposures inherent to their areas of responsibility and to be aware of indications of fraud and related misconduct. Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden. Any Trustee or employee who knows or has reason to know of fraud or related misconduct shall report that to the President of the Board of Trustees or the Library Director. If the President of the Library Board is involved in fraud or related misconduct, that shall be reported to the Library Director. If the Library Director is involved in fraud or related misconduct, that shall be reported to the President of the Board of Trustees.

Section 4. When fraud or related misconduct is reported to the Library Director or the President of the Board of Trustees, an appropriate investigation and all necessary action will be undertaken. All investigations of alleged wrongdoing will be conducted in accordance with applicable laws, and Library policies and procedures.

- All Trustees and employees necessary to the investigation will cooperate fully in the investigation.

- Trustees and employees should direct all inquiries from any individual who is believed to be involved in fraud or related misconduct, his or her representative, or his or her attorney, and all inquiries from the media to the Library Director or the President of the Board of Trustees, as appropriate.
- Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than the Trustees or those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
- Legal counsel will be notified and involved in the investigation whenever appropriate.
- Once the investigation is completed the Trustees and/or Library Director will take one or more of the following steps:
 - A) Consult with legal counsel.
 - B) Take appropriate action and steps to minimize recurrence.
 - C) Report the results of the investigation to the Board of Trustees.

Section 5. Duty to Report

Employees have an obligation to report activity that appears to be fraudulent. Examples of activities that should be reported include, but are not limited to:

- Stealing money, library materials, supplies, equipment or furnishings
- Intentionally misrepresenting amounts of money received on cash reports
- Knowingly fabricating time sheets for oneself or others
- Accessing patron records for anything other than library business

As used in this policy, the term “fraudulent activity” includes suspicious behavior or other conduct similar to the activities enumerated above. Employees knowingly failing to report suspicious activity will be subject to discipline.

Section 6. Format of the report

Reports of fraudulent activity should contain the following information in order to facilitate prompt, appropriate, and efficient resolution:

- Date on which the activity occurred, if known
- A description of the activity
- The name(s) of anyone involved in the activity

Section 7. Where to file the report

Reports of fraudulent activity should be filed with the District Library Director. Reports can be presented to the Director in person or by written report, signed or anonymously.

If the suspected fraud is being perpetrated by the Director, the employee may report it to the President of the Board of Trustees.

Section 8. Confidentiality of the report

All reasonable efforts will be made to protect the confidentiality of the employee(s) reporting the activity. However, in the event that the matter is handed over to law enforcement, such confidentiality will be governed by state and federal guidelines.

Section 9. Consequences for employee reporting fraudulent activities

No employee shall be subject to any form of punishment on the basis of reporting a fraudulent activity that he or she reasonably believed was a violation the Library's policies. However, an employee will be subject to disciplinary action if the Library reasonably concludes that the reported activity was knowingly fabricated, exaggerated, distorted, or minimized by the employee. An employee whose report of misconduct contains admissions of personal wrongdoing will not be guaranteed protection from disciplinary action.

Section 10. Responses to Report of Suspicious Activities

All reports of fraudulent activity will be dated and initialed by the District Library Director or President of the Board of Trustees upon receipt.

The Director or President of the Board of Trustees will review and investigate the report within 30 days of receipt. If additional time is needed to review and investigate the report, a note will be made of the reasons for the delay.

If a violation of the Library's policies is detected, the Library will take steps to respond appropriately to the offense and to prevent similar offenses from occurring in the future, including any necessary modifications to policies or procedures.

Adopted February 28, 2019