



FRAUD POLICY

GUAHAN ACADEMY CHARTER SCHOOL hereby establishes a corporate fraud policy to facilitate the development of controls that will aid in the detection and prevention of fraud against the Charter School. It is the intent of GUAHAN ACADEMY CHARTER SCHOOL (“GACS”) to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigation.

I. Scope of Policy:

This policy applies to any irregularity, or suspected irregularity, involving employees, as well as shareholders, directors, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with GACS.

Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to GACS.

II. Policy:

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Finance Officer, who coordinates all investigations with Legal Counsel and other affected areas, both internal and external.

III. Actions Constituting Fraud:

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of GACS activities
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to GACS. Exception: Gifts less than \$50 in value.
- Destruction, removal, or inappropriate use of records, furniture, fixtures and equipment; and/or
- Any similar or related irregularity

IV. Other Irregularities:

Irregularities concerning an employee's moral, ethical or behavioral conduct should be resolved by departmental management and the Human Resources rather than the Business and Finance Office.

If there is any question as to whether an action constitutes fraud, contact the Finance Officer for guidance.

V. Investigation Responsibilities:

The Audit Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, the Audit Committee will issue reports to appropriate designated personnel and to the Board of Trustees through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

VI. Confidentiality:

The Audit Committee treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Audit Committee immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. (See Reporting Procedure section below.)

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect GACS from potential civil liability.

VII. Authorization for Investigating Suspected Fraud:

The Audit Committee will have:

- Free and unrestricted access to GACS records and premises, whether owned or rented; and
- The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

VIII. Reporting Procedures:

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Audit Committee immediately. The employee or other complainant may remain anonymous. All inquiries

concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: **“I am not at liberty to discuss this matter.”** Under no circumstances should any reference be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misappropriation,” or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do by legal counsel.

IX. Executive Session:

All matters referred to the Audit Committee concerning any violation of this Fraud Policy will be discussed in Executive Session.

X. Termination:

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representative from Human Resources and the legal counsel and, if necessary, by outside counsel, before any such action is taken. The Audit Committee does not have the authority to terminate the employee. The decision to terminate an employee is made by the employee’s management. Should the Audit Committee believe the management decision is inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

XI. Administration:

The Audit Committee is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

In witness whereof, the Board of Trustees have reviewed, discussed and hereby approve this Policy this ___ day of May, 2017.

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