

## Fraud Prevention Policy and Procedure

**GRAY COLLEGIATE ACADEMY (“GCA” or the “School”) RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS DOCUMENT, IN WHOLE OR IN PART.**

### SCOPE AND PURPOSE

This Policy applies to any and all contractors, Education Management Organizations (“EMOs”), vendors, agents, intermediaries, and their respective employees, contractors, subcontractors, or agents (collectively “Relevant Parties”) that are employed by, contracted, provide services to, or work with GCA.

The purpose of this Policy and Procedure is to promote and guide the conduct of all Relevant Parties associated with GCA, with a view to the avoidance of fraud and corruption and management of situations, which may be regarded as unethical conduct or behavior and to demonstrate that GCA is committed to the detection and investigation of any such occurrences.

### POLICY

GCA has the fiduciary duty and responsibility to comply with the South Carolina Charter Schools Act, S.C. Code §§ 59-40-10 et seq. (the “Act”), including the responsibility to regularly monitor its legal and fiscal compliance. GCA is committed to conducting oversight of and protecting state and federal dollars, its revenue, expenditure and assets from any attempt by Relevant Parties of the School to gain financial or other benefits by deceit, bias or dishonest conduct.

GCA’s commitment to fraud and corruption control will be managed by ensuring that fraudulent or corrupt activity is prevented, conflicts of interest are avoided, and auditing systems are in place to deter and/or identify corrupt activities.

All information, including but not limited to third-party reports, of suspected fraudulent and/or corrupt activity by a Relevant Party will be fully investigated and appropriate action taken.

All Relevant Parties should be made aware of GCA’s intention to (i) debar, suspend or dismiss a Relevant Party in the event of corruption or fraud against GCA; (ii) report internal and/or external fraudulent or corrupt activity to law enforcement; and/or (iii) prosecute Relevant Parties found to be involved in fraudulent and/or corrupt behavior. GCA has full authority to pursue recovery of any financial loss by any legal means, including through civil proceedings.

#### 1. DEFINITIONS

**Corruption** means dishonest activity in which a Relevant Party acts contrary to the interests of GCA and abuses his/her position of trust in order to achieve some personal gain or advantage.

Corrupt conduct includes asking for or receiving a financial or other benefit of any kind, undue influence of an officer, employee, board member of GCA for financial or other benefit of any kind, the acceptance of a bribe, in any form, which is punishable under federal or South Carolina law including but not limited to S.C. Code of Laws section 59-40-75.

**Fraud** means, in the broadest sense, a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. Consequently, fraud includes any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.

Fraud can occur internally, within the School, or externally from third parties. Examples of fraud, for the purpose of this Policy, include but are not limited to:

- Theft and/or misappropriation of School revenue in the form of cash, checks, money order, electronic funds transfer or other negotiable instrument;
- Theft of equipment, parts, software, and office supplies from GCA;
- Deliberate over-ordering of materials or services to allow a proportion to be used for personal purposes;
- Submission of sham taxation arrangements for an employee or contractor to circumvent GCA's procedures for engagement of employees and contractors;
- Intentional submission of fraudulent, false, or redundant applications or invoices for reimbursement;
- Unauthorized amendment or correction to previously authorized forms;
- Knowingly executing a contract without authorization and/or knowing payment of funds without authorization which does not align with GCA's charter contract or GCA's charter;
- Payment of fictitious employees or suppliers;
- Falsification of time, training, or attendance records;
- Damage, destruction or falsification of documents for the purpose of material gain; and
- Misrepresentation of qualifications in order to secure a position of employment.

## **2. AUTHORITY TO INVESTIGATE AND DEBAR, SUSPEND, OR TERMINATE CONTRACT**

Upon receipt of a credible report, or upon discovery of credible information, of suspected fraudulent and/or corrupt conduct of a Relevant Party, the GCA Board has the authority to investigate the report and/or information of suspected fraudulent and/or corrupt conduct, to demand a third-party audit of the relevant records, and issue a report of findings. The GCA Board has absolute discretion to determine the scope of the investigation.

GCA has the primary fiduciary duty to investigate reports or information of suspected fraudulent and/or corrupt conduct of its Relevant Parties. GCA may seek the opinion of an independent third-party that specializes in fraud detection, forensic accounting, or similar field to assess the presence of fraud before rendering a decision. If the Relevant Party does not provide full cooperation providing documents, information, etc. as requested by the independent third party, the Board can reach a presumptive conclusion about the presence of fraud.

Any Relevant Party for which GCA has found documented evidence of fraud or corrupt activity within the scope of work performed for GCA, and/or documented evidence of a refusal to provide evidence requested during the investigation of suspected fraud or corrupt activity, after consultation with GCA's attorney, GCA shall have authority to demand corrective action, debar, or suspend the vendor from further work and/or explore payment suspension and contract termination with the Relevant Party. GCA will work with its legal counsel to decide if the contractor or vendor must be reported to the applicable law enforcement.

### **3. CAUSES FOR DEBARMENT, SUSPENSION, OR TERMINATION**

The causes for debarment, suspension, or termination may include, but are not limited to, the following:

- a. conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;
- b. conviction under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as Relevant Party for GCA;
- c. conviction under State or Federal antitrust statutes arising out of the submission of bids or proposals;
- d. a determination by the GCA Board that a Relevant Party engaged in corruption or fraudulent conduct;
- e. any other cause which constitutes extreme circumstances so serious and compelling as to affect responsibility as a School contractor, including debarment, suspension, or termination by another governmental entity for cause;
- f. for violation of the ethical standards set forth in South Carolina State Ethics Act (S.C. Code of Laws §§ 30-4-10 thru 30-4-165).

### **4. RECOVERY OF LOSSES**

In each case where there is clear evidence of fraud or corruption, GCA, in consultation with its attorney, will consider all reasonable avenues available for recovering any funds lost or compensation for other fraud losses. Due consideration will be given to the likely benefits of recovery action exceeding the funds and/or resources required for the recovery action.

### **5. RIGHT TO PROTEST DECISION OF SCHOOL**

The suspended, debarred, or terminated Relevant Party that has been issued sanctions or investigation costs by GCA pursuant to this Policy, has the right to protest the decision of GCA. The protest shall be submitted in writing to the principal, setting forth the grounds and facts applicable thereto for the protest, within fourteen (14) days after such suspended Relevant Party has received written notice of the School's decision to suspend, debar, or terminate the contract. The filing of a protest shall not stay the performance of the contract unless fraudulent.

### **6. AUTHORITY TO RESOLVE PROTESTS**

The principal shall have authority to settle and resolve a protest of an appealing Relevant Party who was suspended, debarred, or terminate.

## 7. DECISION OF SCHOOL

Decision – If the protest is not resolved by mutual agreement, the principal shall issue a decision in writing within thirty (30) days. The decision shall:

- a. State the reasons for the action taken, and
- b. Inform the protestant of its right to administrative review as provided in Section 10 of this Policy

Notice of Decision – A copy of the decision shall be mailed or otherwise furnished immediately to the protestant and any other party intervening.

Finality of Decision – A decision shall be final and conclusive, unless any person adversely affected by the decision appeals administratively.

Failure to Render Timely Decision - If the written decision required under this Section is not entered within thirty (30) days after written request for a said decision, or within such longer period as may be agreed upon, then the Relevant Party shall proceed as if an adverse decision had been received.

## 8. RIGHT TO ADMINISTRATIVE APPEAL

### Board of Directors

Prior to commencing any other action at law or in equity, a party aggrieved from a determination by the principal which is authorized under this Policy and Procedure, shall seek review of such determination to the School's Board of Directors.

### Procedures

Time Limit for Filing an Appeal - A determination by the principal shall be final and conclusive unless any person adversely affected by the decision requests a review by the School Board of Directors, in writing, setting forth the reasons for such review, to the principal within ten (10) days of its receipt of the decision.

Upon receipt of an appeal from an aggrieved party, principal shall schedule a review of the appeal. The protestant may also request an appearance before the School Board of Directors. The Board of Directors, within ten (10) days of completion of its review, shall, in writing, affirm, alter or deny the decision. Such decision shall include findings of fact and conclusions of law including a statement of the underlying facts supporting such findings. The decision shall also state whether the debarment or suspension being contested was in accordance with this Policy, and in the best interest of the School.

The administrative review by the School Board of Directors shall not be limited to any prior determination. Any prior School determination shall not be conclusive as to any findings and conclusions. Any person who is aggrieved by a final decision shall have exhausted all administrative remedies available within this Policy and Procedure prior to seeking judicial review pursuant to S.C. Code of Laws § 59-40-90. The decision of the Board of Directors shall be presumed final and conclusive unless such proceedings for review are instituted by filing a petition in the Administrative Law Court within thirty (30) days after such final decision.

**Policy Effective: 3/29/21**