



## **FRAUD POLICY**

### **Scope**

This policy applies to any fraud or suspected fraud involving employees, officers or directors, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with Junior Achievement of Dallas (JAD). Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with JAD.

### **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 fraud that is detected or suspected must be reported immediately to the Senior VP Operations or, alternatively, to the Chair of the JAD Audit Committee, who coordinates all investigations.

### **Actions Constituting Fraud**

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

1. Any dishonest or fraudulent act.
2. Forgery or alteration of any document or account belonging to JAD.
3. Forgery or alteration of a check, bank draft, or any other financial document.
4. Falsification of an expense report.
5. Falsification of time sheets.
6. Falsification of information regarding JAD classroom programs.
7. Misappropriation of funds, securities, supplies, equipment, or other assets of JAD.
8. Impropriety in the handling or reporting of money or financial transactions.
9. Disclosing confidential and proprietary information to outside parties.
10. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to JAD. Exception: gifts less than \$50 in value; event admissions less than \$250 in value.
11. Destruction, removal or inappropriate use of records, furniture, fixtures and equipment.
12. Any similar or related irregularity.

### **Other Irregularities**

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the department management and/or senior management.

If there is a question as to whether an action constitutes fraud, contact the Senior VP Operations or the Chair of the Audit Committee for guidance.

### **Investigation Responsibilities**

The Audit Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Audit Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Audit Committee will issue reports to appropriate designated personnel and, if appropriate, to the JAD Board of Directors and/or the Executive 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 disposition of the case.

### **Confidentiality**

The Audit Committee and the Senior VP Operations treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Senior VP Operations or the Audit Committee Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

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 JAD from potential civil liability.

### **Authority for Investigation of Suspected Fraud**

Members of the JAD Audit Committee will have:

1. Free and unrestricted access to all JAD records and premises, whether owned or rented; and
2. The authority to examine and copy 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 may use or have custody of any such items or facilities when it is within the scope of their investigations.

### **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 Senior VP Operations or the Chair of the Audit Committee immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Audit Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not a 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:

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