

Charter Institute at Erskine
Fraud Prevention Policy and Procedure

1. SCOPE AND PURPOSE

This Policy applies to any and all Institute sponsored charter schools, 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 the Charter Institute at Erskine (the “Institute”) and/or any of the Institute’s sponsored South Carolina charter schools that have adopted this Policy and Procedure.

The purpose of this Policy and Procedure is to promote and guide the conduct of all Relevant Parties associated with Charter Institute at Erskine (the “Institute”) or any of its sponsored South Carolina charter schools, 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 the Institute and its sponsored South Carolina charter schools are committed to the detection and investigation of any such occurrences. The Institute strongly encourages each of its sponsored charter schools to adopt and implement this Policy and Procedure to further the purpose and intent of this Policy and Procedure.

2. POLICY

The Institute, as the Sponsor of charter schools, 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 the performance and legal and fiscal compliance of the School. The Institute 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 Institute or its sponsored South Carolina charter schools to gain financial or other benefits by deceit, bias or dishonest conduct.

The Institute’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 must be aware of the Institute’s intention to (i) debar, suspend or dismiss a Relevant Party in the event of corruption or fraud on the Institute;(ii) recommend that its sponsored charter school debar, suspend or dismiss a Relevant Party in the event of corruption or fraud; (iii) report internal and/or external fraudulent or corrupt activity to law enforcement; and/or (iv) prosecute Relevant Parties found to be involved in fraudulent and/or corrupt behavior. The Institute will pursue recovery of any financial loss through civil proceedings and will recommend that its sponsored charter schools pursue same.

3. DEFINITIONS

Corruption can be defined as dishonest activity in which a Relevant Party acts contrary to the interests of the Institute or one of its sponsored South Carolina charter schools and abuses his/her position of trust in order to achieve some personal gain or advantage.

Fraud can be defined as the use of deception or misrepresentation to obtain an unjust advantage or to cause a disadvantage or loss to the Institute or one of its sponsored South Carolina charter schools, including benefitting another, and includes theft or misappropriation of the Institute or one of its sponsored South Carolina charter schools' assets or finances to the detriment of its employees, residents and tax payers.

Fraud can also involve misuse of confidential information, abuse of discretion, facilities or employment conditions, redirection of goods or services for personal use and inappropriate arrangements with contractors and other third parties.

Examples of fraud, for the purpose of this Policy, include but are not limited to:

- Theft and/or misappropriation of the Institute or one of its sponsored South Carolina charter schools' 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 the Institute or one of its sponsored South Carolina charter schools' premises;
- 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 the Institute or one of its sponsored South Carolina charter schools' 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 the charter contract or the 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.

Corrupt conduct includes asking for, or receiving a financial or other benefit of any kind, undue influence of an officer, employee, or board member of the Institute or School 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 § 59-40-75.

4. AUTHORITY TO INVESTIGATE AND DEBAR, SUSPEND OR TERMINATE CONTRACT

Upon receipt of a report, or upon discovery of information, of suspected fraudulent and/or corrupt conduct of a Relevant Party, the Superintendent and the Director of the Institute have 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 Institute has absolute discretion to determine the scope of the investigation.

The School has the primary fiduciary duty to investigate reports or information of suspected fraudulent and/or corrupt conduct of its Relevant Parties. In the event that a School fails or refuses to conduct a sufficient investigation, as determined in the sole discretion of the Institute, and the Institute conducts a third-party investigation, upon the finding documented evidence of fraud or corrupt activity, the Institute may have the School pay for some or all of the reasonable costs of the third-party investigation; however, the School does not need to pay if there are no findings.

Any Relevant Party that the Institute has found documented evidence of fraud or corrupt activity within the scope of work performed for the Institute, and/or documented evidence of a refusal to provide evidence requested during the investigation of suspected fraud or corrupt activity, after consultation with the Institute Attorney, the Institute shall have authority to demand corrective action, debar, or suspend the vendor from further work and/or terminate the contract with the Relevant Party and suspend further payment of the contract. The Institute will work with the attorneys to decide if the contractor or vendor must be reported to the applicable law enforcement.

Any Relevant Party that the Institute has found documented evidence of fraud or corrupt activity within the scope of work performed for a sponsored South Carolina charter school of the Institute, and/or documented evidence of a refusal to provide evidence requested during the investigation of suspected fraud or corrupt activity, after consultation with the Institute Attorney, the Institute shall have authority to recommend the charter school demand corrective action, debar, suspend the vendor from further work, and/or terminate the contract with the Relevant Party and suspend further payment of the contract. A School's refusal to provide requested evidence during the Institute's investigation of suspected fraud or corrupt activity of a Relevant Party is grounds for sanctions, including but not limited to revocation of a School's charter. The Institute will work with the attorneys to decide if the contractor or vendor must be reported to the applicable law enforcement.

5. 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 the Institute or its sponsored charter schools;

- c. conviction under State or Federal antitrust statutes arising out of the submission of bids or proposals;
- d. a determination by the Superintendent that a Relevant Party engaged in corruption or fraudulent conduct;
- e. a determination by the Superintendent that a Relevant Party refused to cooperate in an investigation of suspected corrupt and/or fraudulent conduct, including refusal to produce requested evidence;
- f. any other cause which constitutes extreme circumstances so serious and compelling as to affect responsibility as an Institute contractor, including debarment, suspension, or termination by another governmental entity for cause;
- g. 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).

6. RECOVERY OF LOSSES

In each case where there is clear evidence of fraud or corruption, the Institute, in consultation with the Institute’s 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.

7. RIGHT TO PROTEST DECISION OF INSTITUTE

The suspended, debarred, or terminated Relevant Party, or an Institute School that has been issued sanctions or investigation costs by the Institute pursuant to this Policy, has the right to protest the decision of the Institute. The protest shall be submitted in writing to the Superintendent, 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 Institute’s decision to suspend, debar, or terminate the contract. The filing of a protest shall not stay the performance of the contract unless fraudulent.

8. AUTHORITY TO RESOLVE PROTESTS

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

9. DECISION OF SUPERINTENDENT

Decision – If the protest is not resolved by mutual agreement, the Superintendent 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.

10. RIGHT TO ADMINISTRATIVE APPEAL

A. Institute Superintendent

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

B. Procedures

1. Time Limit for Filing an Appeal - A determination by the Superintendent shall be final and conclusive unless any person adversely affected by the decision requests a review by the Institute Board of Trustees, in writing, setting forth the reasons for such review, to the Institute Superintendent within ten (10) days of its receipt of the decision.
2. Upon receipt of an appeal from an aggrieved party, the Institute Superintendent shall schedule a review of the appeal. The protestant may also request an appearance before the Institute Board of Trustees. The Board of Trustees, 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:
 - a. debarment or suspension being contested was in accordance with this Policy, and in the best interest of the Institute and/or the sponsored charter school
3. The administrative review by the Institute Board of Trustees shall not be limited to any prior determination. Any prior Institute 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 Trustees 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.