



508 SUSPECTED MISCONDUCT AND DISHONESTY

I. INTRODUCTION

Spero Academy, as a public charter school and a non-profit organization is faced with the risks that come from wrongdoing, misconduct, dishonesty and fraud. As with all business exposures, it is essential to be prepared to manage these risks and their potential impact in a professional manner.

All Board members, volunteers, and staff must annually read the policy and sign stating they have, in fact, read and understand the contents. The signed copy will be maintained in the Spero Academy Files until a minimum of three full calendar years have elapsed since (1) Board member's term has ended (2) the employee has left employment or (3) the volunteer has ceased service.

This policy does not apply to temporary volunteers who represent Spero Academy on a one-time basis. The impact of misconduct and dishonesty may include:

- A. the actual financial loss incurred
- B. damage to the reputation of Spero Academy, the Board and employees
- C. negative publicity
- D. the cost of investigation
- E. loss of employees
- F. damaged relationships with donors
- G. litigation
- H. damaged employee morale

In addition to the annual signature to recognize the understanding of Spero Academy Suspected Dishonesty and Misconduct policy, all Spero Academy board members, staff and key volunteers must also sign an annual conflict of interest statement. A new statement is completed at the Spero Academy July organizational meeting for the Board each year and at new school year orientation in July for staff. Volunteers submit a new form each school year.

Our goal is to establish and maintain a business environment of fairness, ethics, and honesty for our Board, employees, volunteers, funders and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of everyone, every day.

II. PURPOSE

The purpose of this policy is to state the Board's position regarding the deterrence and investigation of suspected misconduct and/or dishonesty by Members of the Board, employees, and volunteers, and to provide specific instructions regarding appropriate action in case of suspected violations.

III. DEFINITION OF MISCONDUCT AND DISHONESTY

For purposes of this policy, misconduct and/or dishonesty may include but are not limited to:

- A. acts which violate the Spero Academy's established policies
- B. theft or other misappropriation of Spero Academy's assets or the assets of others with whom we have a business relationship
- C. misstatements and other irregularities in Spero Academy records, including the intentional misstatement of the results of operations
- D. wrongdoing
- E. forgery or other alteration of documents
- F. fraud and other unlawful acts

Spero Academy specifically prohibits these and any other illegal activities in the actions of its Board, employees, volunteers, and others responsible for carrying out the organization's activities.

IV. POLICY AND RESPONSIBILITIES

A. Reporting

It is the responsibility of every Board Member, employee, and volunteer to immediately report **suspected** misconduct and/or dishonesty to the Board, through its Chair or Vice Chair, or the Spero Academy Director. Any reprisal against any Board member, employee, volunteer, or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden. Anyone found guilty of reprisal shall be dismissed from the board or employment immediately.

Due to the important yet sensitive nature of the suspected violations, effective professional follow up is critical. Individuals, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstance perform any investigative or other follow up steps on their own. All relevant matters, including suspected but unproved matters, should be referred immediately to the Board.

To facilitate reporting of suspected violations, especially in those situations where the reporting individual wishes to remain anonymous, one may choose

to contact the Client Coordinator in charge of the Spero Academy financial accounting service with Beltz, Kes, Darling and Associates. Contact Leslie@BKDA.org or call (651) 463-2233 x 207. This individual will then initiate a review within SPERO Academy's internal Fraud and/or Misconduct Review Committee (FMRC--see below).

i. Additional Responsibilities of Administration

The Spero Academy Director and any other employee or board member with oversight or review responsibility, in addition to reporting suspected violations as is required above, should strive to:

1. become aware of what can go wrong in your area of responsibility.
2. place and maintain monitoring, review and control procedures, which will help prevent acts of wrongdoing or detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these two additional responsibilities is often delegated to subordinates. However, accountability for these duties cannot be delegated and remain with anyone in a supervisory role regardless of position title.

Assistance in carrying out these responsibilities is available through the Board of Directors.

ii. Responsibility and Authority for Follow Up and Investigation

Spero Academy will convene a formal fraud and/or misconduct review committee (FMRC) to include as a minimum the Board of Directors Officers plus the chairs of the Finance Committee and Governance Committee when an incident creates the need. If the allegations involve one of the members of the FMRC he/she shall not be part of this committee. This committee will have the primary responsibility for all investigations involving misconduct and/or dishonesty. The Board may request outside assistance in any investigation from its accounting firm, auditor, and/or legal counsel, including access to periodic examinations and evaluations of internal controls.

Properly designated members of the investigative team will have:

1. free and unrestricted access to all Spero Academy records and premises, whether owned or rented
2. the authority to examine and copy but not remove any portion of the contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form). No material can be removed or destroyed

without the prior knowledge or consent of the FMRC when it is within the scope of their investigation or related follow up procedures.

All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and Spero Academy procedures.

iii. Reported Incident Follow Up Procedure

Care must be taken in the follow up of suspected misconduct and/or dishonesty to avoid acting on incorrect or unsupported accusations and to avoid making statements which could adversely affect Spero Academy, the Board, a volunteer, an employee, or other parties.

Accordingly, the general procedures for follow up and investigation of reported incidents are as follows:

1. Employees and others must immediately report all factual details as indicated above under Policy.
2. The FMRC has the responsibility for follow up and, if appropriate, investigation of all reported incidents.
3. The FMRC will notify the person suspected of misconduct or dishonesty that an investigation is in process and that s/he will have an opportunity to respond to the FMRC investigation.
4. If the FMRC deems it appropriate, it may require that the person being investigated be reassigned or suspended with or without pay until the investigation is completed.
5. The Board of Directors may also obtain the advice of an attorney at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
6. Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.

iv. Questions or Clarifications Related to This Policy

All questions or other clarifications of this policy and its related responsibilities should be addressed to the Chair of the Board of Directors, who shall be responsible for the administration, revision, interpretation, and application of this policy.

Acknowledgment

My signature signifies that I have read this policy and that I understand my responsibilities related to the prevention, detection and reporting of suspected misconduct and/or dishonesty.

Signature: _____

Print Name: _____

Date signed: _____