



HARRIS COUNTY AUDITOR'S OFFICE

FRAUD, WASTE OR ABUSE POLICY

SCOPE

This policy applies to all complaints of Fraud, Waste or Abuse (FWA) submitted to the Harris County Auditor's Office as authorized by the Commissioners Court Order on December 3, 2019, for the County Auditor's Office to investigate all complaints of fraud, waste, or abuse. The provisions of the FWA Policy may also relate to state and federally funded programs, including but not limited to FEMA, HUD, GLO, CDBG, or any other Grant Programs administered by the County or any of its sub-recipient agencies (for instance as referenced in, 2 CFR §200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and 24 CFR Parts 84 and 85 (HUD), Administrative Requirements for Grants and Cooperative Agreements).

FWA POLICY REFERENCES

- Harris County and Harris County Flood Control District Personnel Policies & Procedures, as amended
- Harris County Code of Conduct
- Harris County Records Control Schedule, as amended

THE COUNTY AUDITOR'S FRAUD, WASTE OR ABUSE PROGRAM

Complaints of fraud, waste or abuse should be immediately reported by calling the Fraud, Waste or Abuse Hotline at 866-556-8181 or online at www.harriscounty.ethicspoint.com.

The County is committed to ensuring transparency, accountability, and integrity in all its activities and requires lawful and ethical behavior from County officials, employees, and affiliated parties through compliance with the **Harris County Code of Conduct**. The County Auditor's FWA Policy compliments the Code of Conduct by defining matters that would be reportable as fraud, waste or abuse and what actions the County Auditor's Office will take when these types of allegations are reported.

The County has contracted with EthicsPoint, a third-party vendor that provides a comprehensive and confidential reporting tool, to facilitate the County's intake of fraud, waste, or abuse allegations. Through EthicsPoint, the County has a confidential hotline and website that allows employees, vendors, grant applicants, and the general public to report instances of fraud, waste or abuse of County funds (including all federal, state, and local sources), resources, and projects 24/7. Individuals can choose to make their names and contact information anonymous.

All reports of allegations of fraud, waste or abuse will be reviewed by the County Auditor's Fraud, Waste or Abuse Team (FWA Team) in consultation with the County Attorney's Office on a regular basis. The Director of Compliance Audit (Compliance Director) oversees the FWA Team and reports directly to the Chief Assistant County Auditor.



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Activities monitored under the County's FWA Policy include allegations of fraud, waste, or abuse that are defined as, but are not limited to the following:

Fraud is defined as the unauthorized use of a county resource for personal gain by deception intended to result in financial or other personal gains. Fraud includes a false representation of fact, making false statements, or concealment of information. It can be perpetrated for the benefit of, or to the detriment of, the County and by persons outside or inside the County. Examples of fraud include but are not limited to the following:

- Knowingly making a false entry in, or false alteration of a governmental record
- Forgery or alteration of documents such as invoices, checks, contracts, etc.
- Misappropriation of funds, supplies, donations, or other County resources, through methods including, but not limited to theft, embezzlement, or misrepresentation
- Soliciting or accepting gifts from outside sources
- Bribes or vendor kickbacks
- Knowingly circumventing the bid process to award contracts to vendors
- Investing or holding any investment or interest in any financial, business, commercial or other transaction that creates a conflict between the public trust held as an official of the County and the official's private interests
- Securing execution of a document by deception
- Intentional destruction, concealment, removal or other impairing to the verity, legibility, or availability of a government record
- Intentional misrepresentation by County personnel regarding payroll records or the payroll records of others
- Credit Card abuse or falsification of transaction
- Intentional use or possession of identifying information without that person's consent
- Intentional improper destruction or removal of records or other County resources
- The use of official County information for personal benefit
- Intentional action resulting in influencing or forcing an election outcome

Waste is defined as the extravagant, careless, or needless expenditure of government funds, or the consumption of County property/resources; or the unnecessary incurring of costs to the County as a result of grossly inefficient practices, systems, controls, or decisions. Examples of waste include but are not limited to the following:

- Damaging, destroying, or ruining materials or equipment intended for County and government use
- Improper maintenance or intentional mistreatment of County equipment
- Purchasing unnecessary supplies or equipment for County use



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- Purchasing of goods and services for the County at inflated prices
- Failure to reuse or recycle major resources

Abuse is defined as the use of a County office, employment, contract, or other position with the County to obtain personal gain or favor from a citizen or other County employee or vendor. Abuse also consists of violations and circumvention of departmental or County regulations, which may negatively affect the efficiency and effectiveness of operations. Examples of abuse include but are not limited to the following:

- Inappropriate and unauthorized use of County resources such as computers, systems, software, email, etc. for County and non-County purposes
- Abuse of authority to gain illegitimate personal gain
- Improper handling or reporting of money or financial transactions
- Abuse of purchase order authority, such as false travel or expense reports, etc.
- Using County vendors or suppliers to conduct non-County business
- Soliciting, accepting, or agreeing to accept anything of material value from vendors during a contract award period or any time when a vendor is known to have interest in any contract of any value
- Profiting by self or others because of inside knowledge of County business or processes, such as using County information to obtain new customers for his/her outside business, etc.
- Abuse of power or position to offer employment and access to County Resources through Nepotism
- Abuse of power or position to circumvent the County's policies and procedures
- Interfering with any criminal or administrative investigation alleging the violation of any Harris County policies or procedures in any manner, including but not limited to seeking to persuade or coerce County employees or others to withhold their cooperation in such investigations

CONFIDENTIALITY OF INVESTIGATION

All investigations of potential fraud, waste, or abuse, including privileged investigations conducted by or on behalf of the County Attorney's Office for the provision of legal services, will be kept confidential to the extent provided by law. Information identified, researched, or obtained for or as part of a suspected fraud, waste or abuse investigation is considered confidential. Any information used and/or developed by participants in the investigation of a potential fraud, waste or abuse occurrence is maintained solely for this specific purpose and no other. The County assures the anonymity of complaints to the extent permitted by law.



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The FWA Team will maintain the confidentiality of all potential fraud, waste or abuse information identified, researched, or obtained as a part of the auditor's electronic work papers. Violations of this confidentiality requirement could result in disciplinary action, including the possible termination of employment with Harris County.

COUNTY AUDITOR'S OFFICE RESPONSIBILITIES

The FWA Team and certain attorneys from the County Attorney's Office will receive all allegations of fraud, waste, or abuse from EthicsPoint. Legal guidance will be sought from the County Attorney's Office, as necessary. In addition, the District Attorney reviews allegations for possible criminal conduct.

Acknowledgment of the reporter's allegation and any follow-up questions will be sent to the reporter via EthicsPoint within ten business days of the receipt of the allegation. The Compliance Director or Chief Assistant County Auditor will manage intake of all fraud, waste, or abuse investigations.

If any allegation of fraud, waste, or abuse of a federal or state grant is substantiated by an investigation, the FWA Team will report it to the respective OIG Fraud Hotline within three business days of determination that the allegation is substantiated.

ASSESSING ALLEGATIONS OF POTENTIAL FRAUD, WASTE OR ABUSE

The FWA Team will perform an initial assessment of the complaint based on the information received by the reporter to determine the jurisdiction and nature of the allegation. If additional information is needed to determine the validity of the complaint, the method in which the reporter will be contacted is based on their status of anonymity.

Subject to the approval of the Chief Assistant County Auditor and the County Attorney's Office, a full investigation will follow if sufficient initial information indicates possible fraud, waste, or abuse.

If the initial information indicates the allegation is outside of Harris County's jurisdiction or legal authority, the reporter or the allegation may be referred to an outside agency (e.g., US Treasury Department, State Attorney General's Office, United States Office of Inspector General, etc.). If the allegation is related to a human resource policy, the allegation may be referred to the Harris County Human Resources and Risk Management Department. Allegations related to legal matters



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may be referred to the County Attorney's Office. Criminal allegations may be referred to law enforcement agencies, as appropriate.

CONDUCT OF INVESTIGATION

For investigations that are conducted by the FWA Team, the Compliance Director will assign investigator(s) to the case. Investigations of reported allegations may warrant the provision of legal advice in anticipation of litigation. Privileged investigations may be conducted either by the County Attorney's Office or by the FWA Team at the direction of the County Attorney's Office for the provision of legal services. To provide legal services, the County Attorney or designee may: (i) attend and participate in all interviews and meetings between FWA investigators and any County affiliated party, and (ii) request and receive regular updates and reports from the Compliance Director concerning the progress of the investigation, including all written information prepared by FWA investigators or the Compliance Director.

The FWA Team is comprised of Certified Fraud Examiners, Certified Internal Auditors, and Certified Public Accountants. The FWA Team will perform investigative procedures in accordance with recommendations by the Association of Certified Fraud Examiners, the Institute of Internal Auditors, and the American Institute of Certified Public Accountants. These procedures shall include, but are not limited to the following:

- Determination of the credibility of the reporting party
- Determination of the motivation of the reporting party
- Identification of the key parties involved in the complaint
- Gathering sufficient evidence as deemed necessary to substantiate the complaint and related allegations
- Interview parties to the complaint and any witnesses that could assist in the investigation
- Analyze and document all data, documents and other information gathered during the investigation
- Identify the relevant laws, regulations, policies, or statutes involved in the complaint
- Document the scope of the investigation
- Secure all evidence and document the chain of command

Once an investigation is undertaken, the assigned investigator will take immediate action to prevent the theft, alteration, or destruction of relevant records to the extent possible. Investigators assigned to the investigation shall promptly investigate the allegation to determine whether it is supported by substantial evidence. Substantial evidence need not be admissible in a court of law. FWA investigators will document their investigations in the County Auditor's electronic work paper system. Privileged attorney investigations conducted solely by the County



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Attorney's Office will be maintained by County Attorney's Office. The conclusion of all investigations conducted by the FWA Team will be documented in EthicsPoint.

Under the direction of the County Attorney's Office and Chief Assistant County Auditor, the Compliance Director may refer the case findings to other departments/agencies as directed (e.g., District Attorney, State Attorney General's Office, United States Office of Inspector General, applicable law enforcement agencies, etc.). When an internal control weakness is identified during an investigation, corrective actions will be recommended.

Employees are expected to cooperate fully with any investigation hereunder and provide truthful information, written statements, documents, and related materials upon the request of the FWA Team as required by section 2.08 of the **Harris County Personnel Policies and Procedures**, and amendments thereto.

Unless authorized in writing by the Chief Assistant County Auditor or County Attorney's Office, or as otherwise provided by law, no County employee is authorized to waive applicable privileges by disclosing to any person, other than an investigator, the substance of any communication (whether verbal, electronic or in writing) relating to the investigation.

RECORDS RETENTION

EthicsPoint case details and files, records, and other supporting documentation utilized for fraud, waste or abuse investigations shall be maintained in the County Auditor's electronic work papers for a minimum of six years, in accordance with the **Harris County Records Control Schedule**, Section 1027-02, Periodic Departmental and Program Audits. However, cases designated as being outside of the County's investigatory jurisdiction will be purged from the EthicsPoint database monthly.

Approved By:

Handwritten signature of Michael Post in blue ink.

Mike Post
County Auditor

April 6, 2023

Date

Handwritten signature of Errika Perkins in blue ink.

Errika Perkins
Chief Assistant County Auditor

April 6, 2023

Date