



LEE COUNTY FRAUD PREVENTION AND DETECTION POLICY

Policy Statement: Lee County is committed to the deterrence, detection and correction of misconduct and dishonesty to prevent fraud. As with all business exposures, the County must be prepared to manage these risks and their potential impact in a professional manner.

Purpose: The purpose of this policy is to set forth the County's policy regarding deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific instructions regarding appropriate actions in case of suspected violations. As applicable to this policy, the definition of what constitutes fraud and the outline of the rules and procedures to follow when fraud is suspected applies to all employees, department heads and elected officials.

Policy: Department heads and elected officials are responsible for the detection and prevention of fraud and other inappropriate conduct within their office. Each department head and official must be familiar with the types of improprieties that could 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 in writing to the County Auditor.

Fraud, for the purposes of these administrative procedures, generally refers to intentionally or knowingly obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. Appendix A discusses in greater detail what conduct is considered fraudulent for purposes of this policy.

Reporting Fraud: Any suspicions of fraud, waste or abuse including but not limited to illegal acts, such as theft, fraud, kickbacks, price fixing, or conflicts of interest by county employees, officials or its contractors should be reported in writing to the County Auditor.

To report fraud, waste and abuse please describe your concern in detail. Provide the names of all individuals involved, including any other witnesses. Give the dates and times the incident(s) occurred and where it happened. State whether there is any supporting documentation such as license plate numbers, invoice numbers, transaction numbers, case numbers, check numbers or other document numbers. Copies of the supporting documentation can be sent in with the complaint form. Please identify yourself on the complaint form and give a phone number where it would be appropriate to call, so that the County Auditor can follow-up on your concerns and complete a full investigation.

This reporting procedure is not intended for reporting improper activities by city, state or federal employees (unless related to specific County activity) or by private parties not related to Lee County government.

Whistleblower Act: A whistleblower is an employee who, in good faith, reports a violation of law by the public employer or another public employee to an appropriate law enforcement authority. The Texas Whistleblower Act protects Whistleblowing employees. In accordance the Government Code, Title 5, Chapter 554, no supervisor, department head or elected official, or person acting on behalf of such, may "suspend or terminate the employment of, or take other adverse

personnel action against, a public employee who in good faith reports a violation of law by the employing governmental entity or by another public employee.”

Investigation: Record Security: A successful audit/investigation can only be performed if the documentation relating to an alleged fraud is available for review in its original form. Therefore, once a suspected fraud is reported, a department head, elected official or supervisor shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. Once a potential act has been reported, the relevant records shall not be destroyed under any previously adopted records retention policy.

Contacts/Protocols: The County Auditor shall coordinate the investigation with the appropriate law enforcement officials.

Confidentiality: All participants in a fraud investigation shall keep the details and results of the investigation confidential except as expressly provided in this administrative procedure. However, the County Auditor may discuss the investigation with any person if such discussion would further the investigation.

Personnel Actions: If a suspicion of fraud is substantiated by the audit investigation, disciplinary action shall be taken in conformance with the County's Personnel Policies and Procedures. A false and vindictive allegation of fraud is a violation of this administrative procedure. All violations of this administrative procedure, including violations of the confidentiality provisions, shall result in disciplinary actions up to and including termination.

Acknowledgement Form: Appendix B

Complaint Form: Fraud, Abuse and Waste Complaint Form that is attached at the end of this document as Appendix C. This form can be found on the County's website under County Offices, County Auditor or <https://www.co.lee.tx.us/page/lee.county.auditor> .

APPENDIX A

DEFINITION OF FRAUD

Fraud generally involves intentionally or knowingly obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. Fraud, for the purposes of these administrative procedures includes any conduct that would violate any of the criminal offenses listed in Texas Penal Code, Title 7, Chapter 31 Theft, Chapter 32 Fraud, Chapter 33 Computer Crimes, Chapter 33A Telecommunications Crimes, Chapter 34 Money Laundering, Chapter 35 Insurance Fraud, and Chapter 35A Medicaid Fraud.

For the purposes of this Policy, the definition has also been broadened to include:

- An intentional or deliberate act
- To deprive the County or a person of something of value or gain an unfair benefit
- Using deceptive, false suggestions, suppressions of truth, or other unfair means which are believed or relied upon
- Intentional waste or abuse of County funds, property or time

A fraudulent act may be an illegal, unethical, improper or dishonest act including, but not limited to:

- Embezzlement
- Misappropriation, misapplication, destruction, removal, or concealment of property
- Forgery, alteration or falsification of documents/records (including but not limited to checks, time sheets, contracts, other financial records, court documents, or electronic files)
- Improprieties in handling or reporting of money or financial transactions
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked
- Serious abuse of County time such as unauthorized time away from work or excessive use of County time for personal business
- Theft or unauthorized removal of County records, County property or the property of other persons (to include the property of employees, supervisors, consumers, clients, customers, inmates or visitors)
- Willful destruction or damage of County records, County property or the property of other persons (to include the property of employees, supervisors, consumers, clients, customers, inmates or visitors)
- Neglecting or subverting job responsibilities in exchange for an actual or promised reward
- False claims by employees, department heads, elected officials, vendors as well as consultants, contractors, and any other parties with a business relationship with Lee County
- Theft of any assets including, but not limited to money or tangible property
- Inappropriate use of computer systems, including hacking and software piracy
- Bribery, rebate or kickbacks
- Conflict of interest
- Misrepresentation of fact