



HARRIS COUNTY, TEXAS
COUNTY AUDITOR'S COUNTY-WIDE
ACCOUNTING PROCEDURE

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FRAUD, WASTE OR ABUSE POLICY

Scope

This Harris County Auditor's Office (County Auditor) policy applies to all Harris County (County) employees, officials, contractors, and other affiliated parties that conduct business with or on behalf of the County. The provisions of this Fraud, Waste or Abuse (FWA) Policy also encompasses state and federally funded programs, including but not limited to FEMA, HUD, GLO, CDBG, or any other Services, Funding, or Grant Programs administered by the County or any of its sub-recipient agencies.

References

- Harris County Personnel Policies & Procedures Amended March 26, 2019
- Harris County Code of Conduct
- 2 CFR 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards
- 24 CFR Parts 84 and 85 (HUD) - Administrative Requirements for Grants and Cooperative Agreements

The County Auditor's Fraud, Waste or Abuse Program

The County is committed to ensuring transparency, accountability and integrity in all of 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 supplements the Code of Conduct Policy by defining misconduct that would be reportable as fraud, waste or abuse and what actions the County Auditor 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 assist the County in addressing fraud, waste or abuse. Through EthicsPoint, the County Auditor has a confidential hotline and website that allows employees, vendors, grant applicants, and the general public to anonymously report instances of fraud, waste or abuse of County funds (including all federal, state, and local sources), resources, and projects 24/7. Whistleblowers can choose to make their name



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and contact information anonymous. All reports of allegations of fraud, waste or abuse will be investigated by the County Auditor's Compliance Department Investigation Team (Compliance Investigation Team) in conjunction with the County Attorney's Office. The Director of Compliance Audit (Compliance Director) is in charge of the Compliance Investigation Team and reports directly to the Chief Assistant County Auditor.

All reports of potential fraud, waste or abuse will be kept confidential to the extent provided by law. The Compliance Director and the County Attorney will monitor allegations of fraud, waste or abuse daily.

Items that are monitored under the County's Fraud, Waste or Abuse Policy include, but are not limited to:

Fraud - includes wrongful or criminal deception intended to result in financial or other personal gain. For example:

- Falsifying information on grant applications, billings, test results, reports, etc.
- Misrepresentation of information on documents
- Forgery or alteration of documents such as invoices, checks, contracts, etc.
- Using government funds to purchase items that are not for County business use
- Misappropriation of funds, equipment, supplies, or County assets
- Soliciting or accepting gifts from outside sources
- Illegal bribes or vendor kickbacks

Waste - includes the extravagant, careless, or needless expenditure of government funds, or the consumption of County property that results from deficient practices, systems, controls or decisions.

Abuse - includes the excessive or improper use of assets or information to unfairly gain benefit. For example:

- Intentional destruction of County equipment
- Inappropriate use of County-provided computers or email
- Abuse of power for illegitimate personal gain



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Confidentiality of Investigation

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. The Compliance Investigation Team is responsible for maintaining the confidentiality of all potential fraud, waste or abuse information identified, researched or obtained. Violations of this confidentiality requirement could result in disciplinary action, including the possible termination of employment with Harris County.

County Auditor's Office Responsibilities

When the Compliance Director and County Attorney's Office receive a report alleging fraud, waste or abuse from EthicsPoint, the Compliance Director will review the report and ask the County Attorney's Office for guidance and feedback, if applicable.

Acknowledgement of the reporter's allegation and any follow-up questions will be sent to the reporter via EthicsPoint within three business days of the receipt of the report. The Compliance Director or Chief Assistant County Auditor will coordinate all fraud, waste or abuse investigations, with the assistance of the County Attorney's Office, if deemed necessary.

If an allegations of fraud, waste or abuse of HUD grants is substantiated by an investigation, the Compliance Director or Chief Assistant County Auditor will report it to the HUD OIG Fraud Hotline (800-347-3735) or by email (hotline@hudoig.gov) within 24 hours of determination that the allegation is substantiated.

Allegations of Potential Fraud, Waste, or Abuse

The Compliance Investigation Team will perform an initial determination as to the validity of the complaint based on the information received. If additional information is needed to determine the validity of the complaint, the method in which the whistleblower will be contacted is based on their status of anonymity.



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The Compliance Investigation Team will gather supporting evidence to determine the accuracy of the initial allegation. Sources of evidence and preliminary procedures may include, but are not limited to:

- Reviewing all available documents submitted or referred to by the Reporter (e-mails, notes, pictures, screen prints, etc.)
- Consideration of which laws or regulations relate to the allegation
- Interviewing the reporting party, if appropriate, and any reported witnesses to the allegation
- Researching documents that could possibly relate to the allegation from neutral sources (e.g. LexisNexis)

The County Attorney's Office and Chief Assistant County Auditor will receive copies of all internal investigation summaries prepared by the Compliance Director. The County Attorney's Office and Chief Assistant County Auditor will review all relevant information in a confidential and professional manner. Subject to the approval of the Chief Assistant County Auditor and the County Attorney's Office, a full investigation will follow if sufficient evidence indicates possible fraud, waste or abuse.

Once an investigation is undertaken, the Compliance Investigation Team will take immediate action to prevent the theft, alteration or destruction of relevant records to the extent possible. Such actions may include, but are not limited to:

- Limiting access to the location where the records currently exist
- Preventing the individual(s) who is the subject of the investigation from having access to the records
- Taking actual possession of such records

Under the direction of the County Attorney's Office and Chief Assistant County Auditor, the Compliance Director will refer the case 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.).



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Conduct of Investigation

Once an investigation has been approved, the Compliance Director will assign investigators to the case. Compliance investigators assigned to the investigation shall promptly investigate the complaint to determine whether the allegation of fraud, waste or abuse is supported by substantial evidence. Substantial evidence need not be admissible in a court of law.

Compliance investigators will document their investigation in the County Auditor's electronic work paper system. At the conclusion of the investigation, the determination will be documented in EthicsPoint.

The Compliance Investigation Team is comprised of Certified Fraud Examiners, Certified Internal Auditors, Certified Public Accountants, and personnel with prior law enforcement experience. The Compliance Investigation Team will perform investigative procedures in accordance with recommendations by the Association of Certified Fraud Examiners, the American 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
- Determine 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 course of 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
- Maintain an interview log

The County Attorney or designee may: (i) attend and participate in all interviews and meetings between Compliance investigators and any County affiliated party, and (ii) request and receive regular updates and reports from



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the Compliance Director concerning the progress of the investigation, including all written information prepared by Compliance investigators or the Compliance Director.

County affiliated parties are expected to cooperate fully with any investigation hereunder and provide truthful information, written statements, documents and related materials upon the request of Compliance investigators.

Unless authorized by the Chief Assistant County Auditor or County Attorney, or as otherwise provided by law, no County affiliated party may disclose to any person, other than an investigator, the substance of any communication (whether verbal, electronic, or in writing) relating to the investigation.