


19,578

ORDER OF THE HUNT COUNTY COMMISSIONERS COURT

ADOPTING THE HUNT COUNTY FRAUD, WASTE, AND ABUSE POLICY

FILED FOR RECORD at <u>12:40</u> o'clock <u>P</u> M
JUL 08 2025
BECKY LANDRUM County Clerk, Hunt County, Tex. by 

WHEREAS, the Commissioners Court of Hunt County, Texas, is committed to maintaining the highest standards of integrity and accountability in the management of county resources; and

WHEREAS, the prevention and detection of fraud, waste, and abuse are essential to protecting the county's assets and ensuring the efficient use of public funds; and

WHEREAS, the adoption of a comprehensive Fraud, Waste, and Abuse Policy will provide clear guidelines for county employees, officials, and third parties, promote ethical behavior, and establish procedures for reporting and investigating suspected misconduct; and

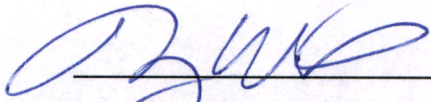
WHEREAS, the proposed policy has been developed in accordance with best practices and complies with applicable federal regulations, including 2 CFR Part 200, which requires internal controls for entities receiving federal grants; and

WHEREAS, the Hunt County Fraud, Waste, and Abuse Policy has been reviewed by the Commissioners Court and is deemed necessary for the effective governance of the county;

NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS:

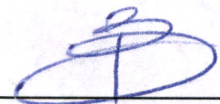
That the Hunt County Fraud, Waste, and Abuse Policy, attached hereto as Exhibit A and made a part hereof for all purposes, is hereby adopted as the official policy of Hunt County, Texas, and shall be effective immediately upon its adoption.

ADOPTED this 8th day of July, 2025, by the Commissioners Court of Hunt County, Texas,
in regular session.



Bobby W. Stovall, County Judge

Hunt County, Texas



ATTEST: County Clerk



Hunt County

Fraud, Waste and Abuse Policy

Adopted by
Hunt County Commissioners Court

Effective Date:

VERSION HISTORY:

Version No.	General Change Information	Date Published
1.0 Initial Policy		

OVERVIEW

The Hunt County Fraud, Waste and Abuse (“FWA”) Policy aims to define fraud, waste, and abuse, identify common signs, and establish controls for their detection and prevention. Hunt County is committed to maintaining the highest standards of ethical behavior and integrity in all its operations. This policy reflects our zero-tolerance approach to fraud, waste, and abuse, and our dedication to protecting public resources and trust. This policy promotes consistent organizational behavior by emphasizing FWA prevention and detection through clear guidelines and assigned responsibilities. Management must understand potential fraud types within their areas and remain vigilant for red flags. All employees should be trained to recognize and prevent FWA, ensuring compliance with federal regulations, including 2 CFR Part 200, for counties receiving federal funds.

SCOPE

This policy applies to any fraudulent or suspected fraudulent activity involving Hunt County employees officials, directors, consultants, vendors, contractors, outside agencies, and any third parties having a business relationship with Hunt County.

Investigations will be conducted impartially without regard to length of service, title/position, or relationship.

PURPOSE

The purpose of this policy is to:

- Communicate the County's commitment to protection and proper use of County resources, assets and funds;
- Define fraud, waste, and abuse, and provide specific examples;
- Facilitate the detection and prevention of fraud, waste, and abuse within and against Hunt County; and
- Establish procedures for the reporting and/or the investigation of suspected fraud or misuse of Hunt County assets or resources.

DEFINITIONS

Fraud - Fraud encompasses an array of irregularities, dishonest and illegal acts characterized by internal and external deception. It can be perpetrated for the benefit of an individual or to the detriment of the County; and/or, by people outside as well as inside the County. Fraud designed to benefit the organization generally produces benefit by exploiting an unfair or dishonest advantage that also may deceive an outside party. Perpetrators of such fraud usually benefit indirectly since personal benefit usually accrues when the organization is aided by the act.

Examples of fraud include, but are not limited to the following:

- Stealing or misappropriation of funds, supplies, etc.;
- Forgery or unauthorized alteration of any document;
- Intentional misrepresentation and other irregularities by County personnel in County records, including the intentional misstatement of the results of operations. Knowingly making a false entry in, or false alteration of a governmental record;
- Making, presenting, or using any record, document, or thing with the knowledge that it is false;
- Intentional destruction, concealment, removal or other impairment to the verity, legibility, or availability of a government record;
- Processing, selling, or offering to sell a government record or a blank governmental record form with the intent that it be used unlawfully, or with the knowledge that it was obtained unlawfully;
- Using or claiming to hold an educational degree that is fraudulent, fictitious, or has been revoked, with the intent to obtain employment, promotion, or other benefit;
- Credit Card abuse of falsification of transactions;
- Making a false statement to obtain property, credit, or services Fraudulent transfer of a motor vehicle;
- Securing execution of a document by deception;
- Fraudulent destruction, removal, or concealment of a writing;
- Simulating a legal process;
- Fraudulent use or possession of identifying information without that person's consent Stealing an unsigned check or receiving an unsigned check with the intent to use or sell it;
- Profiting as a result of insider knowledge of the County's activities;
- Disclosure of confidential information and proprietary information to outside parties;
- Impropriety in reporting transactions;
- Accepting or seeking anything from contractors, vendors, or other people providing services/materials to the County;
- Falsifying time sheets or expense reports;
- Misuse of county vehicles for personal purposes; and/or
- Any similar acts.

Waste- Waste is defined as harmful or destructive use of property under one's control. Waste may also be referred to as the unnecessary incurring of costs as a result of inefficient practices, systems, or controls.

Examples of waste include but are not limited to the following:

- Damaging, destroying, or ruining materials or equipment;
- Improper maintenance or intentional mistreatment of equipment;

- Purchase of unneeded supplies or equipment;
- Purchase of goods at inflated prices;
- Failure to reuse or recycle major resources or reduce waste generation;
- Failure to follow procurement procedures leading to overpayment; and/or
- Any similar acts.

Abuse - Abuse refers to violations and circumventions of departmental or County regulations which impair the effective and efficient execution of operations.

Examples of abuse include but are not limited to the following:

- Using County equipment or supplies to conduct non-County business;
 - Using county email or databases for personal business;
 - Improper handling or reporting of money for financial transactions;
 - Profiting by self or others because of inside knowledge;
 - Destruction or intentional disappearance of records, furniture, fixtures, or equipment
 - Accepting or seeking anything of material value from vendors or people providing services or material to the County for personal benefit;
 - Unauthorized use of County resources (computers, software, databases, other information) for non-County purposes;
- Abuse of purchase order authority, such as false travel or expense reports; and/or
- Any similar acts.

DETERRENCE

Deterrence measures are implemented to discourage fraud and minimize exposure. Elected Officials and Department Heads are responsible for:

- Understanding what constitutes fraud; and
- Implementing and maintaining effective internal controls within their departments to deter fraud.

The County Auditor's Office assists in fraud deterrence by examining and evaluating the adequacy and effectiveness of internal controls. Audit activities are designed to review the control environment and assess the potential for fraud.

Common reasons for fraud include:

- Poor internal controls, especially disregard for set policies and procedures;
- Management override of internal controls;
- Collusion between employees and/or third parties;

- Poor or non-existing ethical standards;
- Lack of supervision over staff; and/or
- Any similar reason.

RED-FLAGS OF FRAUD

Common red flags for fraud include:

- Changes in an employee's lifestyle, spending habits or behavior;
- Poorly written or poorly enforced internal controls, procedures, policies, or security;
- Irregular/unexplained variances in financial information;
- Inventory shortages;
- Failure to act on internal or external audit findings;
- Unusually high expenses or purchases;
- Frequent complaints from residents or constituents;
- Missing files;
- Ignored employee comments about possible fraud;
- Employees refusing to leave custody of records during the day;
- Employees working excessive overtime or refusing to take vacation time off; and/or
- Any similar red flags.

PREVENTION

To prevent fraud, the following internal controls should be implemented:

- Detailed written policies and procedures, with strict adherence to all policies and procedures, particularly for documentation and authorization of transactions;
- Physical security measures, including locking doors and restricting access to sensitive areas;
- Comprehensive training for all Hunt County employees, on basic internal controls, definitions of fraud, waste, and abuse and the red flag of fraud, and procedures for reporting suspected incidents, to be provided within 90 days of hire and annually thereafter;
- Independent review and monitoring by the supervisor, including approval of travel, training expenses, and credit card purchases;
- Separation of duties to ensure no single employee is responsible for a transaction from start to finish;
- Rotation of duties in positions highly susceptible to fraud;
- Enforcement of conflict of interest statements;
- Ensuring that employees take regular vacations;

- Clear lines of authority;
- Regular independent audits of areas susceptible to fraud; and/or
- Any other similar controls.

OTHER IRREGULARITIES

Identification or allegations of personal improprieties or irregularities, such as moral, ethical, or behavioral issues, should be resolved by departmental management and the Human Resources Department, rather than audit-related departments or agencies.

REPORTING FRAUD

If an employee suspects that fraud is being committed within the County, then the employee should report it to any of the following:

- Their immediate supervisor
- Department Head or Elected Official
- County Auditor
 - Phone: 903-408-4122;
 - Email: mcorcoran@huntcounty.net; or
 - Mail: Hunt County Auditor's Office, 2507 Lee St Greenville Tx, 75401
- County Human Resources Department
 - Phone: 903-408-4103;
 - Email: sorange@huntcounty.net; or
 - Mail: Hunt County Human Resources Office, 2507 Lee St Greenville Tx, 75401

The supervisor, department head/elected official, human resources personnel should immediately report it to the County Auditor's Office.

At any time, an employee may communicate directly with the County Auditor's Office to report fraud, with the option of remaining anonymous. Every attempt will be made to protect the identity of the reporting individual. The County Auditor's Office is committed to protecting the reporting individual's identity and confidentiality.

Additionally, employees and the public may report suspected fraud, waste, or abuse to external agencies, including:

Texas State Auditor's Office:

- Phone: 1-800-TX-AUDIT (1-800-892-8348)
- Website: <https://sao.fraud.texas.gov/>

For federal fund-related fraud:

- U.S. Department of the Treasury Office of Inspector General (OIG): <https://oig.treasury.gov/report-fraud-waste-and-abuse>
- U.S. Government Accountability Office (GAO): <https://www.gao.gov/about/contact-us>

All reports of suspected fraud will be investigated by the County Auditor's Office or designated investigators through a process involving initial assessment, evidence collection, interviews, and resolution, ensuring impartiality and confidentiality.

If members of the public suspect that fraud is being committed with the County, they may report it to the County Auditor's Office, which may be contacted as follows:

County Auditor

- Phone: 903-408-4122;
- Email: mcorcoran@huntcounty.net; or
- Mail: Hunt County Auditor's Office, 2507 Lee St Greenville Tx, 75401

INVESTIGATION PROCEDURES

All reports of suspected fraud, waste, or abuse will be thoroughly investigated. The investigation process includes the following steps:

1. Receipt and Documentation: All reports are received and documented by the County Auditor's Office or designated personnel.
2. Initial Assessment: An initial assessment is conducted to determine the credibility and severity of the report.
3. Investigation: If warranted, a full investigation is carried out, which may include gathering evidence, interviewing witnesses, and reviewing relevant documents.
4. Escalation: If the investigation reveals potential criminal activity or issues beyond the county's jurisdiction, the matter may be referred to appropriate law enforcement or regulatory agencies.
5. Resolution: Upon completion of the investigation, findings are documented, and appropriate actions are taken, which may include disciplinary measures, process improvements, or legal proceedings.
6. Follow-Up: The County Auditor's Office monitors the implementation of corrective actions and ensures that similar incidents are prevented in the future. Throughout the

investigation process, the confidentiality of the reporter and all involved parties is maintained to the extent possible.

RETALIATION

Retaliation against employees who report suspected fraud or assist in investigations is prohibited under this policy and the Texas Whistleblower Act (Texas Government Code, Chapter 554) and federal laws such as the False Claims Act (31 U.S.C. 3729-3733). Any such retaliation should be reported immediately to the Human Resources Director at 903-408-4103 or the County Auditor at 903-408-4122.

REPORTING UNETHICAL BEHAVIOR

Employees are encouraged to seek advice from the County's Human Resources Department regarding ethical dilemmas. The County Auditor's Office and Human Resources Department are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and updated, as necessary.

DUTY TO REPORT

All individuals subject to this policy, including local public officials, County officials, and employees, must report violations and cooperate with County investigations, inquiries, and hearings. Individuals who knowingly make false reports or report with reckless disregard for the truth may face disciplinary action.

NO COERCION

No County official or employee shall directly or indirectly use or threaten to use any official authority or any influence in any manner whatsoever which tends to discourage, restrain, deter, prevent, interfere with, coerce or discriminate against any person who in good faith reports, discloses, divulges or provides any facts or information relative to an actual or suspected violation of this policy or other state, federal, or local laws.

CONSEQUENCES

Violations of this policy will result in disciplinary action, which may include:

- For Department Heads: written warning, reprimand, suspension, or termination by the Commissioners Court, in accordance with applicable procedures.
- For County employees: written warning, reprimand, suspension, or termination by their department head or elected official, in accordance with applicable procedures.
- For external parties (vendors, contractors, etc.): termination of business relationships and exclusion from future opportunities.
- Additionally, the County may refer findings to law enforcement authorities.

ADDITIONAL RESOURCES

For more information on fraud prevention and reporting, employees and the public can refer to the following resources:

- Texas State Auditor's Office: <https://sao.fraud.texas.gov/>
- U.S. Department of the Treasury Office of Inspector General:
<https://oig.treasury.gov/about>
- U.S. Government Accountability Office: <https://www.gao.gov/about/contact-us>