

**WISE COUNTY FRAUD PREVENTION AND DETECTION POLICY****INTRODUCTION AND GOAL:**

Wise County (the "County") is committed to the deterrence, detection and correction of misconduct and dishonesty to prevent fraud. Like all organizations, as well as counties and other types of governmental entities, Wise County is faced with the possibilities and risks from wrongdoing, misconduct, dishonesty and fraud. As with all business procedural and transactional exposures, the County must be prepared to manage these risks and their potential impact in a professional and timely manner.

Our goal is to establish and maintain a fair, ethical, and honest business environment for the County's employees, department heads, elected officials, customers, suppliers and anyone else with whom County Officials, Supervisors and staff member have a business relationship, and to maintain such an environment by requiring the active assistance and awareness of all said personnel at all times.

All County employees, especially elected officials, supervisors and department heads, must be aware of the circumstances, or "red flags", which lead to fraud and to share in a collective commitment to prevent and detect fraud. For the purpose of this administrative procedure, fraud and intentional waste are referred to as "fraud".

This County Fraud Prevention and Detection Policy (the "Fraud Policy") is being established to: (i) facilitate the development and documentation of controls, which will aid in the detection and prevention of fraud against the county; (ii) to provide guidelines and to assign responsibility for the reporting of fraud and conducting of investigations regarding fraud; and (iii) to promote consistent organizations behavior in the prevention and detection of fraud.

**Scope of Policy**

This policy applies to any fraud, or suspected fraud, involving Elected Officials, Department Heads and employees as well as consultants, vendors, contractors, and any other parties with a business relationship with Wise County.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service or position/title or relationship with the County.

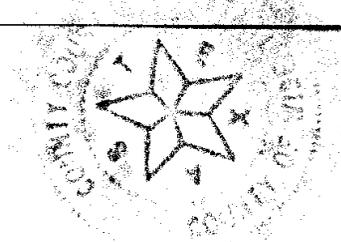
**Purpose**

The purpose of this document is to communicate the County's policy to all Officials, employees and other applicable parties, regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific instructions regarding appropriate action in case of suspected violations of fraud or other wrongdoings.

**Definition of Wrongdoing, Misconduct, Dishonesty and Fraud**

For purposes of this policy, misconduct, dishonesty and fraud include **but are not limited to:**

- Acts which violates the County's Code of Conduct
- Any dishonest or fraudulent act



A CERTIFIED COPY  
 Attest: March 13 2012  
 SHERRY LEMON  
 County Clerk, Wise County, Texas  
 By: Amanda Knox Deputy  
 Page 1 of 5 Pages

Amanda Knox

- Theft or other misappropriation of assets, including assets of the county, our customers, suppliers or others with whom the County has a business relationship
- Misstatements and other irregularities in county records, including the intentional misstatement of the results of operations
- Forgery or alteration of a check, bank draft or any other financial document
- Impropriety in the handling or reporting of money or financial transactions
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors or persons providing service/materials to the County
- Destruction, removal or inappropriate use of County records, furniture, fixtures, and equipment

**NOTE:** The County specifically prohibits these and any other illegal activities in the actions of its employees, managers, executives and others responsible for carrying out the organization's activities.

**As stated above, this is not an inclusive list, please refer to State Law (ex: Texas Ethics Code, Texas Penal Code, Local Government Code etc.) or address any concerns to Legal Counsel for the County.**

### **Policy and Responsibilities**

#### **Reporting**

It is the responsibility of every employee, supervisor, manager and elected official to immediately report suspected misconduct or dishonesty to their supervisor. Supervisors/Elected Officials, when made aware of such potential acts by subordinates, must immediately report such acts to the **County Attorney, District Attorney and/or proper law enforcement agency.**

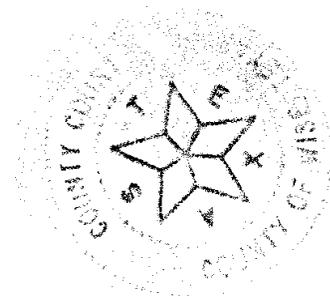
Any reprisal against an employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden, and any and all such persons that violate this non-reprisal Order shall be subject to the applicable County personnel disciplinary action to include termination as well as subject to all applicable State and Federal criminal laws.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Managers, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow-up steps on their own. Concerned ***but uninformed*** managers represent one of the greatest threats to proper incident handling. All relevant matters, including suspected but unproven matters, should be referred immediately to those with follow-up responsibility.

**County Auditor:** In cases where as a result of internal audit procedures or review, or where suspected fraud is reported directly to the County Auditor, the County Auditor shall immediately contact the County attorney or District Attorney. The County Auditor shall cooperate and assist the County Attorney and the District Attorney or other investigative law enforcement agency in the investigation as requested.

### **Additional Responsibilities of Supervisors**

All employees have a responsibility to report suspected violations. However, employees with supervisory and/or department review responsibilities at any level have additional deterrence and



A CERTIFIED COPY  
 Attest: March 13 2012  
**SHERRY LEMON**  
 County Clerk, Wise County, Texas  
 By Amanda Kno... Deputy  
 Page 2 of 3 Pages

Amanda Kno...

detection duties. Specifically, personnel with supervisory or review authority have three (3) additional responsibilities

1. You must become aware of and be knowledgeable of what can go wrong in your area of authority.
2. You must put into place and maintain effective monitoring, review and control procedures that will prevent acts of wrongdoing.
3. You must put into place and maintain constant effective monitoring, review and control procedures that will detect acts of wrongdoing promptly should prevention efforts fail.

NOTE: Authority to carry out these three above referenced additional responsibilities is often delegated to subordinates. However, ultimate accountability and responsibility for their effectiveness cannot be delegated and will remain with the respective department heads and/or elected officials.

### **Responsibility and Authority for Follow Up and Investigation**

Properly designated members of the appropriate law enforcement and/or County investigative office or agency shall have:

- free and unrestricted access to all County records and premises, whether owned or rented;
- the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow-up procedures.

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

### **Reported Incident Follow Up Procedure**

Care must be taken in the follow-up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow-up and investigation is underway, and to avoid making statements which could adversely affect the County, an employee, or other parties. At their option, the employee or other complainant may remain anonymous.

Once a potential act has been reported it becomes part of an on-going investigation, therefore, supervisors shall not discuss the matter with anyone other than the department head/elected official (if applicable), the County Attorney or the District Attorney, or as directed by the investigating agency.

Department Heads/Elected Official: Upon notification from an employee or supervisor of suspected fraud, or if the department head/elected official has reason to suspect that a fraud has occurred, the department head / elected official shall immediately contact the County Attorney or the District Attorney. However, if the employee has reason to suspect that the Department Head/Elected Official may also be involved, the employee should contact the County Attorney or District Attorney directly.

The department head/elected official shall not attempt to investigate the suspected fraud. Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Department Heads/ Elected Officials, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow-up steps on their own. All relevant matters, including

A CERTIFIED COPY  
Attest: March 13 20 12  
SHERRY LEMON  
County Clerk, Wise County, Texas  
By: Amanda Knox Deputy  
Page 3 of 5 Pages

Amanda Knox

suspected but unproven matters, should be referred immediately to the County Attorney, the District Attorney or the investigating agency.

**Any reprisal against an employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden, as such individual falls under the protection of the Whistle Blower Act.**

### **WHISTLE BLOWER 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 Whistle blowing employees. In accordance with 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."

For the purpose of this policy, "other adverse personnel action against" a person reporting suspected fraud is defined as:

- Suspension or termination of employment,
- Dismissing or threatening to dismiss an employee;
- Disciplining or suspending or threatening to discipline or suspend an employee;
- Imposing any penalty upon an employee; or
- Intimidating or coercing an employee

The Whistleblowers Act is predicated on the 'good faith report' of a violation of the law and does not require showing that the employee acted with absence of malice. Employee malice does not negate the Whistleblower Act's protection if the employee's report of violation was honestly believed and objectively reasonable. Actual violation of the law is not required before the whistleblower receives protection of the Whistleblower Act; rather all that is required is that the employee has an objectively reasonable belief that a violation has occurred. Also, the employee is not required to prove that he or she was free from involvement in violation of law to show "good faith report" of violation of law under the Whistleblower Act.

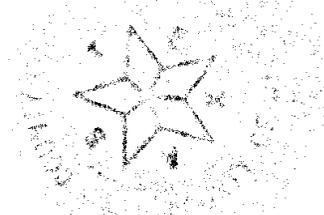
**However, an employee does not act in good faith, when his report of a violation of law is based entirely on unsubstantiated rumor and innuendo.**

### **FALSE ACCUSATIONS**

All employees, Department Heads and Elected Officials must take great care in dealing with suspected dishonest or fraudulent activities to avoid:

- Incorrect accusations,
- Treating employees unfairly,
- Making statements that could lead to claims of false accusations or other offense

Employees, supervisors or Department Heads that make false accusations may be subject to disciplinary action, up to and including termination of employment. Further, employees, Supervisors, Department Heads and Elected Officials knowingly making a false statement that is material to a criminal investigation to a peace officer, or to any employee of a law enforcement agency that is authorized by the agency to conduct the investigation and that the actor knows is conducting the investigation, is a misdemeanor offense under the Texas Penal Code and could lead to criminal prosecution.



A CERTIFIED COPY  
 Attest: March 13 2012  
**SHERRY LEMON**  
 County Clerk, Wise County, Texas  
 By Amelia Knox Deputy  
 Page 4 of 5 Pages

Amanda Knox

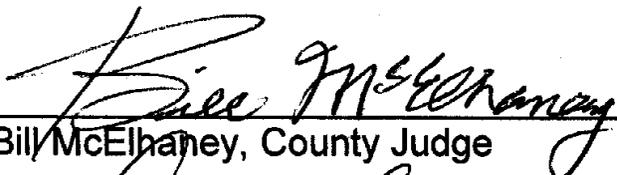
**QUESTIONS OR CLARIFICATIONS RELATED TO THIS POLICY**

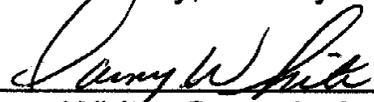
All questions or other clarifications of this policy and its related responsibilities should be addressed to the County Auditor who shall be responsible for the administration, interpretation, and application of this policy.

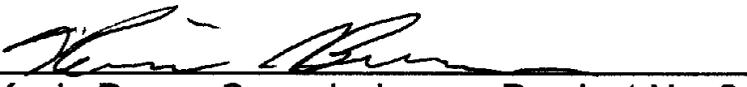
**WISE COUNTY, TEXAS  
FRAUD PREVENTION AND DETECTION POLICY**

Passed and approved in a duly called Commissioners Court

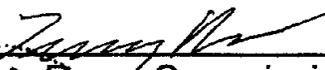
Meeting held this 14<sup>th</sup> day of FEBRUARY, 2011.

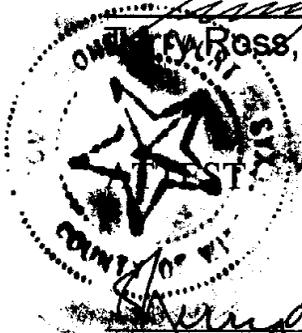
  
\_\_\_\_\_  
Bill McElhaneey, County Judge

  
\_\_\_\_\_  
Danny White, Commissioner – Precinct No. 1

  
\_\_\_\_\_  
Kevin Burns, Commissioner – Precinct No. 2

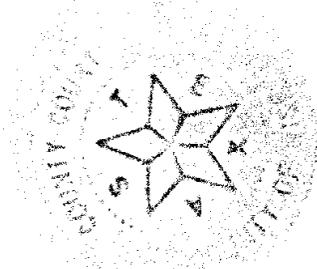
  
\_\_\_\_\_  
Harry Lamance, Commissioner – Precinct No. 3

  
\_\_\_\_\_  
Jerry Ross, Commissioner – Precinct No. 4



  
\_\_\_\_\_  
Sherry Parker Lemon, County Clerk

**SIGNED COPY ON FILE WITH THE COUNTY CLERK OFFICE**



A CERTIFIED COPY  
Attest: March 13 2012  
**SHERRY LEMON**  
County Clerk, Wise County, Texas  
By Amanda Knox Deputy  
Page 5 of 51 Pages

Amanda Knox