

# Anti-Fraud Policy

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## Audience

This policy applies to all Galveston County Health District employees, volunteers, and contractors (business associates).

## Purpose

The purpose of this policy is to provide guidelines and controls to aid in the prevention, deterrence, and detection of fraud, theft, waste, or abuse against the District. This policy expands upon the District's Employee Ethics, Standards of Conduct, & Conflict of Interest policy and outlines more specific responsibilities and expectations related to fraud.

## Definitions and Examples of Fraud, Theft, Waste, and Abuse

**Fraud** is defined as an intentional deception designed to obtain a benefit or advantage or to cause some benefit that is due to be denied. Examples of fraud include:

- Any dishonest or fraudulent act
- Impropriety in the handling or reporting of money or financial transactions
- Forgery or alteration of any document or account belonging to the District (checks, timesheets, invoices, contractor agreements, bid documents, purchase orders, electronic files, and other financial documents)
- Forgery or alteration of a check, bank draft, or any other financial document
- Financial report misrepresentation
- Misappropriation of funds, securities, supplies, inventory, or any other asset including furniture, computers, fixtures or equipment)
- Authorizing or receiving payments for hours not worked
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the District that may be construed to be an attempt to influence the performance of an employee's official duty in the scope of employment for the District
- Destruction, removal, or inappropriate use of records, furniture, fixtures and equipment

**Theft** is defined as the act of taking something from someone unlawfully. An example of theft is taking home a printer belonging to the District and keeping it for personal use.

**Waste** is the loss or misuse of District resources that results from deficient practices, system controls, or decisions. An example of waste is not taking advantage of available early bird conference registration discounts.

**Abuse** is the intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources, such as tools, vehicles, computers, copy

machines, etc. An example of abuse would be using District equipment or supplies to conduct personal business.

## **Policy**

The District's policy is to promote consistent, legal, and ethical organizational behavior by:

- assigning responsibility for reporting fraud, theft, waste or abuse;
- providing guidelines to conduct investigations of suspected fraudulent behavior; and
- making anti-fraud awareness training available annually.

## **Responsibility to Report Suspected Fraud**

Each employee is required to report any suspected fraud, theft, waste or abuse or other dishonest conduct to GCHD Compliance Auditor and/or the Chief Executive Officer.

Supervisors are required to report suspected fraud, theft, waste or abuse or other dishonest conduct, including reports from employees or other individuals, to GCHD Compliance Auditor and/or the Chief Executive Officer.

Supervisors do not have the authority to determine the merits of a report of suspected fraud - the Chief Executive Officer makes this determination after an internal investigation has been completed by the GCHD Compliance Auditor or other designee.

The identity of an employee or complainant who reports suspected fraud will be protected to the full extent allowed by law.

Suspected improprieties and/or misconduct concerning an employee's ethical conduct should be reported to GCHD Compliance Auditor and/or the Chief Executive Officer.

All employees are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Each Administrator shall be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of fraud. Any fraud that is detected or suspected must be reported immediately to Chief Executive Officer, who shall order an internal investigation. All employees will be held accountable to act within the organization's code of conduct. The District will not tolerate any type of fraud, theft, waste or abuse.

## **Guidelines for Handling a Report of Suspected Fraud, Theft, Waste, or Abuse**

Whether the initial report is made to Supervisor, GCHD Compliance Auditor and/or the Chief Executive Officer, the reporting employee / individual should receive the following instructions and information:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Allow the Chief Executive Officer to order an internal investigation be conducted. Do not further investigate the allegations.
- Observe strict confidentiality. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive Officer.

- Retaliation will not be tolerated. The District will not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud.
- Every effort will be made to protect the rights and the reputations of everyone involved, including the individual who in good faith alleges perceived misconduct as well as the alleged violator(s).
- The identity of an employee or other individual who reports a suspected act of fraud will be protected as provided by this policy.

### **Responsibility of Compliance Auditor**

Under the direction of the Chief Executive Officer, the Compliance Auditor or other designed investigator shall document the allegation and conduct an investigation. If the investigation substantiates the allegation of fraud, appropriate corrective action will be taken according to District policy.

The Compliance Auditor or other designed investigator shall make every effort to protect the rights and the reputations of everyone involved in a report of suspected fraud, including the individual who in good faith alleges perceived misconduct, as well as the alleged violator(s).

### **Quarterly Compliance Report**

Investigated incidents of suspected fraud shall be reported to District Boards on a quarterly basis. The Compliance Report shall include: whether the report was from an employee; the outcome of the investigation; and the corrective action taken.

### **Violations and Corrective Actions**

Employees who violate the Anti-Fraud policy and procedures will be subject to corrective action up to and including termination in accordance with the District's Corrective Action policy.

An employee who has engaged in any form of fraud, waste, or abuse; suspects or discovers fraudulent activity and fails to report his or her suspicions as required by this policy; or intentionally reports false or misleading information is subject to such corrective action, up to and including termination. In addition, corrective action may be taken as provided by this policy against an employee who makes a report alleging fraud in bad faith.

Failure to comply with any part of this policy by a Contractor (Business Associate) could result in cancellation of the business or other relationship between the entity and the District.

When appropriate, the Chief Executive Officer or designee will also report the violation(s) to federal, state and/or local law enforcement agencies.

### **Anti-Fraud Awareness Training**

GCHD Compliance Auditor will conduct employee training and/or provide training materials to District managers during in-services and/or staff meetings on an annual basis.