



## FRAUD POLICY WEBB COUNTY, TEXAS

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**BACKGROUND** Webb County and its employees as public stewards are committed to protect public assets and prevent fraud, waste and abuse. For purposes of this administrative policy, fraud, waste and abuse are referred to as “fraud” and examples are referenced in **Webb County Personnel Policies §5.05 Employee Conduct Violations**. All County Elected Officials/ Department Heads, Supervisors, and employees should be aware of potential “red flags” which may lead to fraud.

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**PURPOSE** To communicate the County’s policy regarding what constitutes fraud, the deterrence and review of suspected misconduct and dishonesty by management, employees and others, and outline the rules and procedures which must be followed when fraud is suspected. It is the intent of this policy to establish and maintain a fair, ethical, and honest business environment for all Elected Officials, Department Heads, employees, consultants, vendors, contractors, and any other parties with whom Webb County maintains a business relationship. Fraud not only involves loss of revenue, but decreased morale and productivity. This policy is to be reviewed and revised as necessary to maintain intent and applicability.

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**SCOPE** This policy applies to any fraud or suspected fraud involving Elected Officials, Department Heads, employees, consultants, vendors, contractors, and any other parties with whom Webb County maintains a business relationship.

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**DEFINITIONS** **Abuse** – Violations and circumventions of departmental or county regulations which impair the effective and efficient execution of operations.

**County funds** – Currency, checks, or other negotiable instruments belonging to Webb County, or for which the County is the fiscal agent or has a fiduciary responsibility.

**County property** – Any tangible item owned by Webb County.

**Fraud** – Theft, intentional waste or abuse of County funds, property or time; it encompasses an array of irregularities and illegal acts characterized by internal or external deception. It can be perpetrated for the benefit of, or to the detriment of, the County, and by persons outside as well as inside the County.

**Lighthouse Services, Inc.** – Webb County’s confidential reporting services provider that will enable management, staff, employees, vendors and constituents to report fraud, abuse, ethics, compliance and human resources violations.

**Red Flags** – A set of circumstances that are unusual in nature or vary from the normal activity. It is a signal that something is out of the ordinary and may need to be investigated further. Red flags do not indicate guilt or innocence but merely provide possible warning signs of fraud.

**Retaliation** – When an individual is discriminated against or penalized for reporting fraud or for cooperating, giving testimony, or participating in any manner in a review, proceeding, or hearing.

**Waste** – Harmful or destructive use of property under one’s control. Waste may also be referred as the unnecessary incurring of costs as a result of inefficient practices, systems or controls.

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**DETERRENCE**

Deterrence consists of those actions taken to discourage the perpetration of fraud and limit the exposure if fraud does occur. Elected Officials/Department Heads are responsible for the implementation and maintenance of effective internal controls. The Auditor’s Office assists in the deterrence of fraud by examining and evaluating the adequacy and effectiveness of the internal controls.

Fraud occurs due to the following reasons:

- Poor internal controls and disregard for Webb County’s policies and procedures including but not limited to:
  - Personnel Policies,
  - Budget,
  - Manual for Purchasing Policies and Procedures,
  - Purchasing Code of Ethics Policy
  - Policy for Drug, Alcohol, and Other Prohibited Substances,
  - Safety Manual, etc., and
  - Fraud Policy
- Management override of internal controls
- Collusion between management, employees, and/or third parties
- Poor or non-existing ethical standards
- Lack of control over staff by their supervisors

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**PREVENTION**

The following internal controls minimize the risks and help prevent fraud:

- Detailed departmental/office written policies and procedures
- Adherence to all organizational procedures, especially those concerning documentation and authorization of transactions
- Physical security and controlled access over assets such as locking doors and restricting access to certain areas
- Proper training of employees
- Independent review and monitoring of tasks by the department supervisor, such as approval processing of select items
- Separation of duties so that not one employee is responsible for a transaction from start to finish
- Clear lines of authority
- Conflict of interest statement forms that are enforced according to the Webb County Manual for Purchasing Policies and Procedures and the Purchasing Code of Ethics Policy
- Rotation of duties in positions more susceptible to fraud
- Ensuring that employees take regular vacations
- Regular independent reviews of areas susceptible to fraud

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**RESPONSIBILITIES**

**Department Head/Elected Official** – Upon notification 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 contact Lighthouse Fraud Hotline. The Department Head/Elected Official shall not attempt to investigate the suspected fraud or to discuss the matter with anyone other than Lighthouse Services. Due to the important, yet sensitive nature of suspected violations, effective professional follow-up is critical.

While appropriately concerned about “getting to the bottom” of such issues, Department Heads/Elected Officials should not in any circumstances perform any investigative or other follow-up steps on their own. All relevant matters, including suspected but unproven matters, should be referred immediately to Lighthouse. Failure to report suspected fraud may result in disciplinary action or possible termination.

**Supervisor** – Upon notification of suspected fraud, or if the supervisor has reason to suspect that a fraud has occurred, the supervisor shall immediately notify the Department Head/Elected Official of their department.

However, if the supervisor has reason to believe that the Department Head/Elected Official may be involved in a fraud, the supervisor shall contact the Lighthouse Fraud Hotline. Failure to report suspected fraud may result in disciplinary action or possible termination.

**Employees** – Any employee who has knowledge of an occurrence of fraud, or has reason to suspect that fraud has occurred, shall immediately notify their supervisor. If the employee has reason to believe the employee's supervisor may be involved, the employee shall immediately notify the Department Head/Elected Official of their department.

However, if the employee has reason to suspect the Department Head/Elected Official may also be involved, the employee should contact the Lighthouse Fraud Hotline. Failure to report suspected fraud may result in disciplinary action or possible termination.

**Auditor’s Office** – Upon notification or discovery of a suspected fraud, waste and/or abuse, the County Auditor’s Office will assess the suspected fraud and if merited, coordinate with the proper departments and/or authorities.

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**PROCEDURES**

**Record Security** – A successful review 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, Department Head/Elected Official and/or supervisors 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. The records must be adequately secured until the County Auditor’s Office obtains the records to begin the review.

**Contacts/Protocols** – After an initial assessment and a determination that the suspected fraud warrants additional review, the County Auditor will notify the proper Departments and/or authorities. The County Auditor, as necessary, shall coordinate the review with the appropriate law enforcement officials and shall report its findings as described below.

**Confidentiality** – All participants in a fraud review shall keep the details and results of such confidential except as expressly provided in this policy. However, the County Auditor may discuss with appropriate person(s) if such discussion would further the review.

**Personnel Actions** – If suspicion of fraud is substantiated by the review, disciplinary action shall be taken in conformance with the Webb County’s Personnel Policies. A false and vindictive allegation of fraud is a violation of this policy. All violations of this policy, including violations of the confidentiality provisions, shall result in disciplinary actions up to and including termination.

**Retaliation** – It is a violation of this policy for any individual to be discriminated against for reporting fraud or for cooperating, giving testimony, or participating in a review, proceeding, or hearing. Such individual falls under the protection of the Texas Whistle Blower Act. An employee who believes that he or she has experienced retaliation for making a report or assisting in a review shall report this as soon as possible to the County’s official hotline Lighthouse Fraud Hotline for proper authority’s review and/or action.

**Media Issues** – If the media becomes aware of a review, the appropriate supervisor or Department Head/Elected Official shall refer to the Public Information Officer. The alleged fraud and subsequent review shall not be discussed with the media.

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**REPORTING  
UNETHICAL  
BEHAVIOR**

If any unethical behavior is suspected, notification should be reported through the Lighthouse Fraud Hotline.

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**DUTY TO REPORT**

County Officials, Department Heads, County employees, and all others who are subject to this policy have a duty to report violations of this policy and to cooperate in the reviews, inquiries, and hearings conducted by the County. However, a person making false reports shall be subject to disciplinary action if he or she report information which he or she knows to be false or which he or she discloses with reckless disregard for its truth or falsify.

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**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.

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**CONFIDENTIALITY**

If members of the public suspect that fraud is being committed within the County, they may report it via the Lighthouse Fraud Hotline. At any time, anyone may call the hotline to report fraud and has the option to remain anonymous.

Webb County is committed to protecting the identity and confidentiality of callers thru its fraud hotline provided by Lighthouse Service.

County Officials, Department Heads, County employees, vendors and constituents shall cooperate with administrative reviews pursuant to this fraud policy. They shall not discuss the matter with anyone other than their supervisor, the Department Head/Elected Official, the County Auditor's Office and/or appropriate authority.

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**REVIEW  
DISPOSITION**

At the conclusion of the review, the County Auditor's will document the results in a report to the Commissioners Court, with a copy to the appropriate Deputy County Administrator and Department Head/Elected Official. If the report concludes that the allegations are founded, the report will be copied to Human Resource Director.

If the fraud has resulted in County property loss, the County Auditor shall report such loss to the Commissioners Court. The appropriate designated legal counsel shall seek restitution for any property loss.

Upon completion of the review and all legal and personnel actions, records will be returned by the investigative offices to the appropriate department.

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**CONSEQUENCES**

Elected Officials, County Department Heads, and Supervisors found to have violated this policy will be subject to discipline by Commissioners Court, including a written warning or reprimand, suspension, or termination in accordance with the procedures under which a Department Head may otherwise be disciplined.

County employees found to have violated this policy will be subject to discipline by their Department Head or Elected Official regarding violations of this policy, including a written warning or reprimand, suspension, or termination in accordance with the procedures under which the employee may otherwise be disciplined.

Parties doing business with the County, including vendors, consultants, contractors or their principals and employees, found to have violated this policy will be subject to termination of any business relationship with the County and exclusion from further business opportunities with the County.

As to any person subject to this policy or otherwise, the County may make referral of its findings to the appropriate law enforcement authority and be subject to criminal prosecution.

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**FRAUD HOTLINE**

Constituents, Elected Officials, Department Heads, employees, consultants, vendors, contractors, and any other parties with whom Webb County maintains a business relationship may report any fraud, waste and abuse to the Webb County Fraud Hotline.

**Provided by:  
Lighthouse  
Services Inc.**

**Confidential** services are provided by Lighthouse Services and are available 24 hours a day, 7 days a week for use by employees and staff via:

- **Website:** [www.lighthouse-services.com/webbcounty](http://www.lighthouse-services.com/webbcounty)
- **Telephone:**
  - English: **833-920-0001** (not available from Mexico)
  - Spanish: **800-216-1288**
- **E-mail:** [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com) (must include County name with report)
- **Fax:** (215) 689-3885 (must include County name with report)

EXECUTED this 26th day of November 2018.

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Hon. Tano E. Tijerina  
Webb County Judge

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Hon. Jesse Gonzalez  
Commissioner, Precinct 1

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Hon. Rosaura Tijerina  
Commissioner, Precinct 2

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Hon. John C. Galo  
Commissioner, Precinct 3

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Hon. Cynthia Y. Liendo  
Commissioner, Precinct 4

ATTEST:

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Hon. Margarita "Margie" Ramirez Ibarra  
Webb County Clerk