



# **Jefferson County Fraud, Waste and Abuse Policy**

**Adopted**

**By Jefferson County Commissioners Court**

**Effective Date:**

**May 13, 2025**

## **OVERVIEW**

The Jefferson County Fraud, Waste and Abuse Policy is established to enhance Jefferson County Policies and to facilitate the definition of fraud, the common signs of fraud, and the development of controls that will aid in the detection and prevention of fraud, waste and abuse against Jefferson County. It is the intent of Jefferson County to promote consistent organizational behavior that places an emphasis on the prevention and detection of fraud by providing guidelines and assigning responsibility for the development of controls as well as conducting investigations. Each member of the management team should be familiar with the types of fraud that might occur within his or her area of responsibility and should be alert for any indication or red flags of fraud. All County employees should be aware of what constitutes fraud as well as ways in which to prevent fraud.

## **SCOPE**

This policy applied to any fraudulent or suspected fraudulent activity involving not only Jefferson County employees but also officials, directors, consultants, vendors, contractors, outside agencies, and/or unknown third parties having a business relationship with Jefferson County. Investigations will be performed without regard to length of service, title/position, or relationship.

## **PURPOSE**

The purpose of this administrative procedure is to:

- Communicate the County's policy regarding the protection and proper use of County resources, assets and funds
- Aid in the definition of what constitutes fraud
- List of common types and red flags of fraud
- Aid in the detection of fraud, waste and abuse within and/or against Jefferson County
- Aid in the prevention of fraud, waste and abuse within and/or against Jefferson County
- To establish procedures for the reporting and/or the investigation of suspected fraud or misuse of Jefferson County assets or resources by employees and others.

## **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 being 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 governmental 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
- 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

**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
- An employee using non-confidential taxpayer information to get new customers for his/her outside business
- Improper handling or reporting of money for financial transactions
- Profiting by self or others as a result 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
- Accepting or seeking anything of material value from vendors or people providing services or material to the County
- Use of information gained as County employee for personal gain, such as an employee using non-confidential taxpayer information to get new customers for his/her outside business.

## **DETERRENCE**

These actions are taken to discourage the perpetration of fraud and limit the exposure if fraud does occur. Elected Officials/Department heads are responsible for obtaining knowledge of what constitutes fraud as well as the implementation and maintenance of effective internal controls within their department to deter fraud. The County Auditor's office is responsible for assisting in the deterrence of fraud by examining and evaluating the adequacy and effectiveness of internal controls. Audit activities should be specifically designed in a manner which provides a review of the control environment and the inherent potential for fraud.

Fraud occurs for the following reasons:

1. Poor internal controls, especially disregard for set policies and procedures
2. Management override of internal controls
3. Collusion between employees and/or third parties
4. Poor or non-existing ethical standards
5. Lack of control over staff by their supervisors

## **RED FLAGS OF FRAUD**

The most frequently cited "red flags" of fraud are:

- 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 shortage
- Failure to take action on results of internal/external audits or reviews
- Unusually high expenses or purchases
- Frequent complaints from customers
- Missing files
- Ignored employee comments concerning possible fraud
- Refusal to leave custody of records during the day by the employee
- Working excessive overtime and refusing to take vacation time off

## **PREVENTION**

The following internal controls should minimize the risk and help prevent fraud:

- Detailed written policies and procedures and adherence to all policies and 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 all Jefferson County employees, to include basic internal controls, the definition of fraud, waste and abuse as well as the red flags of fraud.
- Independent review and monitoring of tasks by the department supervisor, such as approval and processing of selected items such as travel and training expenses and credit card purchases.
- Separation of duties so no one employee is responsible for a transaction from start to finish
- Rotation of duties in positions more susceptible to fraud
- Conflict of interest statements which are enforced
- Ensuring that employees take regular vacation
- Clear lines of authority
- Regular independent audits of areas susceptible to fraud

## **OTHER IRREGULARITIES**

Identification or allegations of personal improprieties or irregularities whether moral, ethical or behavioral, 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/Elected Official
- County Auditor by phone at 409-835-8500; via email at [fran.lee@jeffersoncountytexas.gov](mailto:fran.lee@jeffersoncountytexas.gov); or by mail to Auditor's Office 1149 Pearl Street 7<sup>th</sup> Floor, Beaumont, Texas 77701
- On the County website: <https://jeffersoncountytexas.gov/HumanResources/ContactUs/Report>
- Human Resources Department by phone at 409-839-2391; via email at [hrdept@jeffersoncountytexas.gov](mailto:hrdept@jeffersoncountytexas.gov); or by mail to Human Resources 1125 Pearl Street, Suite 201, Beaumont, Texas 77701

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, and the employee will have the option to remain anonymous. Every attempt will be made to protect the identity of the reporting individual. The County Auditor's Office is committed to protecting the employee's identity and confidentiality.

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 circumstance perform any investigative or other follow-up steps on their own. All relevant matters, including suspected but unproven matters, should be referred immediately to those with follow-up responsibilities.

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 in the following forms or communication:

- Phone Number: 409-835-8500
- Via email: [fran.lee@jeffersoncountytexas.gov](mailto:fran.lee@jeffersoncountytexas.gov)
- Mail letter: 1149 Pearl St. 7<sup>th</sup> Floor Beaumont, TX 77701
- County website: <https://jeffersoncountytexas.gov/HumanResources/ContactUs/Report>

## **RETALIATION**

An employee who believes that he or she has experienced retaliation for making a report or assisting in an investigation shall report this as soon as possible to the County's Human Resources Director at 409-839-2391 or the County Auditor at 409-835-8500.

## **REPORTING UNETHICAL BEHAVIOR**

Employees are encouraged to seek advice from the County's Human Resources Department when faced with uncertain ethical decisions. The County Auditor and Human Resources are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as necessary.

## **DUTY TO REPORT**

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

## **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**

County Department Heads 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.

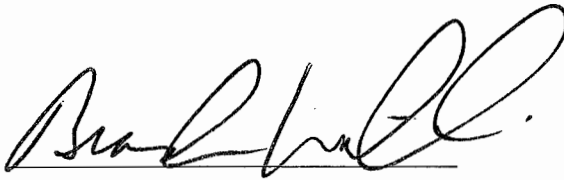
ORDER OF THE  
JEFFERSON COUNTY COMMISSIONERS COURT

This Jefferson County Fraud, Waste and Abuse Policy is adopted during the regular session of the Jefferson County Commissioners Court on this the 13<sup>th</sup> day of MAY 2025 and becomes a part of the official minutes of the County Commissioners Court.

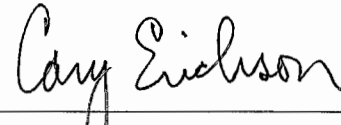
MOTION BY: BRANDON Willis

SECOND BY: MICHAEL S. SINEGAL

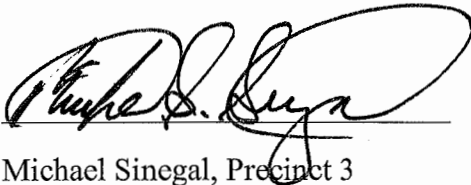
Entered in the official minutes of the Jefferson County Commissioners Court.



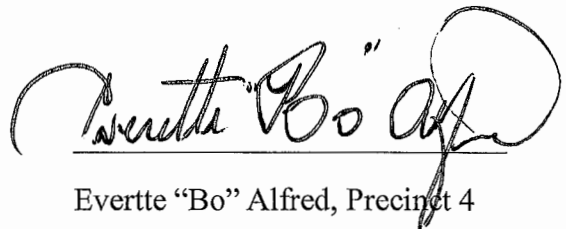
Brandon Willis, Precinct 1



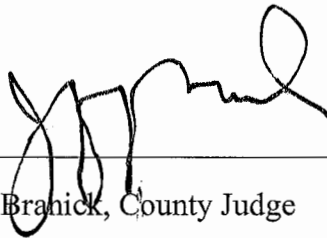
Cary Erickson, Precinct 2



Michael Sinegal, Precinct 3

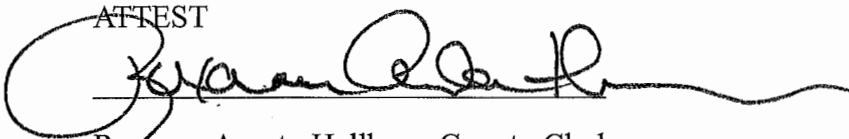


Evertte "Bo" Alfred, Precinct 4



Jeff Branick, County Judge

ATTEST



Roxanne Acosta-Hellberg, County Clerk

