

MHMR OF TARRANT COUNTY
Board Policy

Board Policy
Number A.2

Adopted:
November 30, 2004

FRAUD POLICY

I. Background:

It is the policy of the Board of Trustees to facilitate the development of controls that will aid in the detection and prevention of fraud against the MHMR of Tarrant County (Center). It is the intent to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

II. Scope of Policy:

This policy applies to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Center.

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

III. Policy:

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of management should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Center's Internal Auditor, Compliance Office, Chief Executive Officer or Chief Financial Officer who coordinates all investigations with the appropriate authorities, both internal and external.

IV. Actions Constituting Fraud:

Fraud – shall refer to any intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury, included, but not limited to, the following:

- Any dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of company activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the company;
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the company;

- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment; and/or
- Any similar or related irregularity.

V. Other Irregularities:

Any question of whether an action constitutes fraud should be forwarded to the Chief Executive Officer, Internal Auditor and/or Compliance Officer for guidance.

VI. Investigation Responsibilities:

The Chief Executive Officer has primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. Any investigation of fraudulent activities will be reported to the Chief Executive Officer and all confirmed allegations will be reported to the Board of Trustees. The Chief Executive Officer shall assign the allegation to the Internal Auditor, Compliance Officer, the Chief Financial Officer and/or Legal Counsel to investigate depending on the nature of the allegation. If the conduct in question involves the Chief Executive Officer, Legal Counsel shall be contacted through the Board Chair.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the Chief Executive Officer, as will final decisions on the disposition of the case.

VII. Confidentiality:

The Internal Auditor, Compliance Officer, Chief Executive Officer and Chief Financial Officer will treat all information received confidentially. Any Board Member, contractor, intern, volunteer, employee or other compensated entity who suspects dishonest or fraudulent activity will notify either the Internal Auditor, Compliance Officer, or Chief Executive Officer immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. (See **Reporting Procedure** section below).

Investigations results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Center from potential civil liability.

VIII. Authorization for Investigating Suspected Fraud:

The Internal Auditor, Compliance Officer, Chief Executive Officer and Chief Financial Officer will have:

- Free and unrestricted access to all company records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge of consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

IX. Reporting Procedures:

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An individual within the center who discovers or suspects fraudulent activity will contact the Internal Auditor, Compliance Officer, Chief Executive Officer or the Chief Financial Officer immediately. The employee or other complainant may remain anonymous. All inquiries (concerning the activity under investigation) from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Chief Executive Officer. No information concerning the status of an investigation will be given out.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive Officer.

X. Discipline:

Violations of this policy shall be dealt with in accordance with the Agency's Progressive Disciplinary Procedure.

XI. Administration:

The Internal Auditor, Compliance Officer, Chief Executive Officer and the Chief Financial Officer are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

Last Amended: November 25, 2014
Last Reviewed: November 25, 2014