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**MICHAEL POST, C.P.A., M.B.A.**  
**HARRIS COUNTY AUDITOR**

April 27, 2021

Dear Honorable Members of the Harris County Commissioners Court,

The Harris County Auditor's Office, Internal Audit Division, is transmitting Harris County's Annual Report of Fraud, Waste, and Abuse for your information. The results of our review are included in the attached report. Please contact Errika Perkins, Chief Assistant County Auditor (713-274-5673), or myself if you have any questions. Thank you for your time and attention to these efforts.

- Harris County's Annual Report of Fraud, Waste, and Abuse
  - **Issue Date:** April 21, 2021

Sincerely,

A handwritten signature in blue ink that reads "Michael Post". The signature is written in a cursive style with a long horizontal stroke at the end.

Michael Post  
County Auditor



# Harris County Auditor's Office Annual Report



**Fraud, Waste & Abuse Hotline**

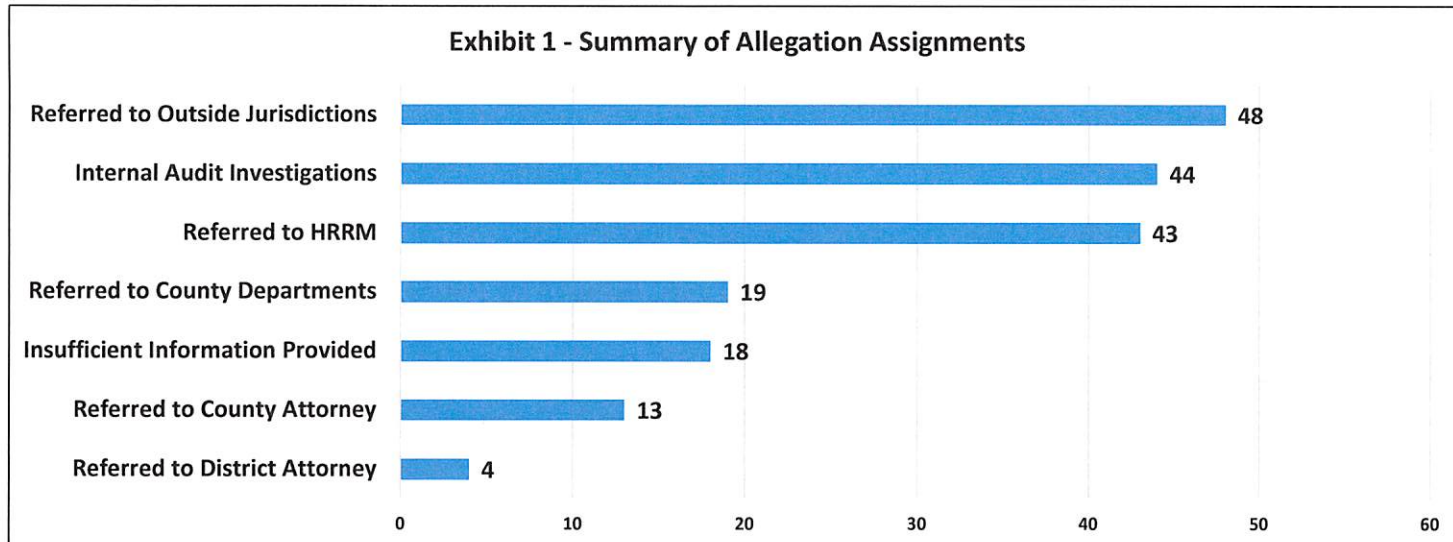


## About the County Auditor's Fraud, Waste & Abuse Program

On January 1, 2020, Harris County (County) engaged with Navex to provide a comprehensive reporting and intake tool (EthicsPoint). The County Auditor established a confidential hotline and website ([www.harriscounty.ethicspoint.com](http://www.harriscounty.ethicspoint.com)) that allows employees, vendors, grant applicants, and the general public to anonymously report allegations of fraud, waste & abuse of County funds, resources, and projects in English, Spanish, Mandarin and Vietnamese. All allegations are reviewed through a partnership between the County Auditor's Office Internal Audit Division (Internal Audit) and County Attorney's Office.

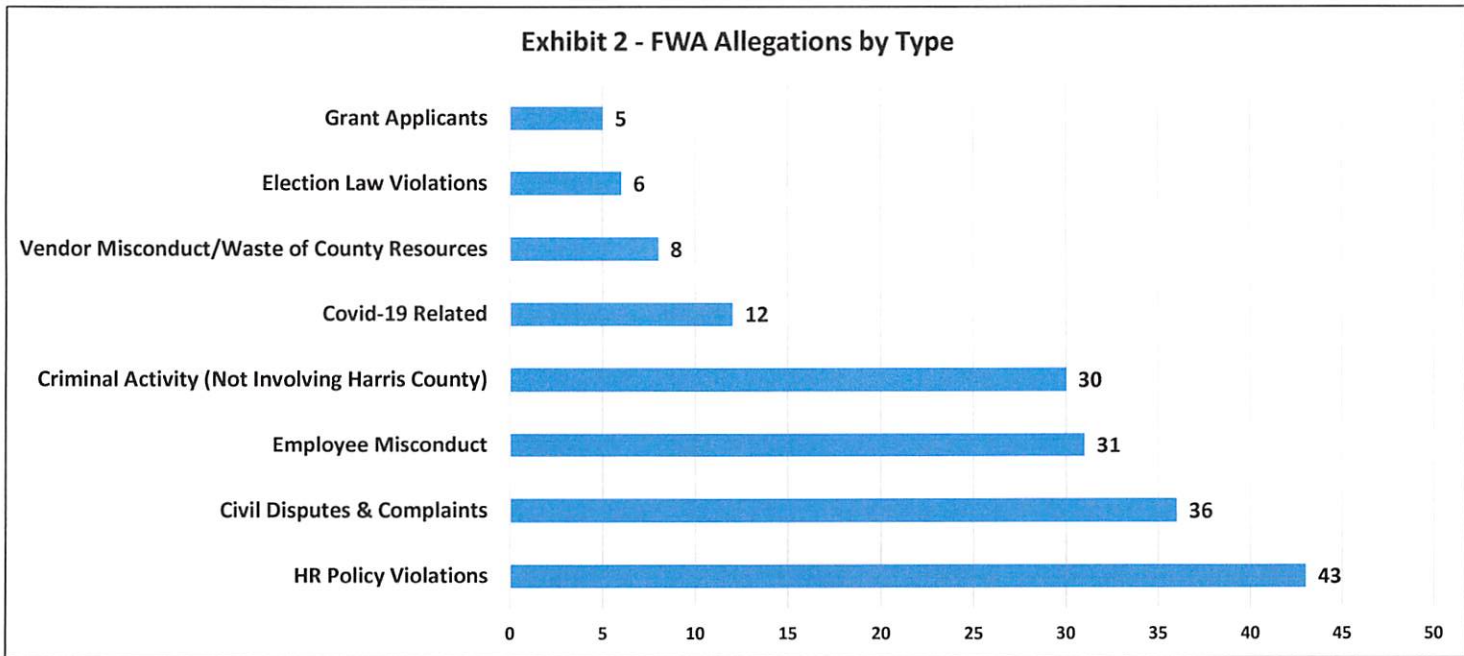
## Report Volume and Outcomes

Internal Audit received 189 allegations between January 1, 2020, and February 28, 2021. Reflected below is a summary of those allegations and how they were assigned.



### ***FWA Allegations by Type***

The table below captures the allegations by type for the 171 cases with sufficient available information. Twenty-five percent (25%) were HR policy violations that were referred to HRRM. Twenty-one percent (21%) of the allegations reviewed were civil disputes that included County residents, private companies, or general complaints. Another 18% of the allegations involved employee misconduct; the majority of which related to time and attendance falsification and the misuse of power. In addition, 17.5% of the allegations consisted of criminal activity, where Harris County was not a party; these cases were referred to the appropriate law enforcement agencies.

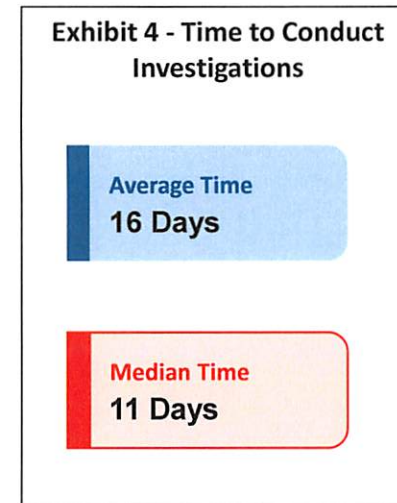
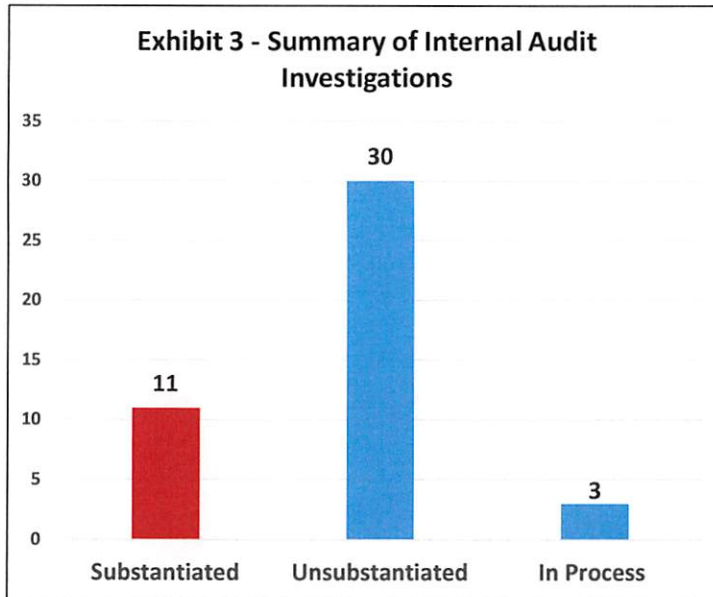




## Investigations conducted by Internal Audit

Between January 1, 2020, and February 28, 2021, Internal Audit completed 41 investigations. The average time to close those investigations was 16 days, while the median time to close them was 11 days. Currently, three investigations are in progress. In addition, Internal Audit is assisting with an additional investigation by the District Attorney's Office. Of the 41 investigations completed, 11 were substantiated and 30 were unsubstantiated.

Ten of the 11 substantiated allegations resulted in corrective or disciplinary actions of Harris County department personnel.



Several County officials and department heads have taken a proactive approach to preventing fraud by requesting Internal Audit to educate personnel on fraud prevention best practices.



### ***Referrals to Other Jurisdictions***

Many allegations fell outside of Harris County’s scope of jurisdiction. After review, they were referred to the appropriate federal, state, or other non-County government agencies. The names and contact information for these agencies were relayed to the reporters (individuals who made the allegation). Reflected below is a list of agencies referred.

<b>Exhibit 5 - Non-County Referral Agencies</b>	
Better Business Bureau	Social Security Administration
City of Houston Financial Crimes Unit	Texas Comptroller of Public Accounts
City of Houston Fraud, Waste & Abuse Hotline	Texas Cosmetology Board
City of Houston Housing and Community Development	Texas Department of Motor Vehicles
City of Houston Planning & Development	Texas Department of State Health Services
City of Houston Police Department	Texas Family & Protective Services
City of Houston Public Health Services	Texas Real Estate Enforcement Services
City of Katy Code Enforcement	Texas Secretary of State
Federal Bureau of Investigation	Texas Workforce Commission
Federal Communications Commission	TranStar Compliance Department
Greater Houston Community Foundation	U.S. Department of Health and Human Services
Harris Health System	U.S. Department of Housing & Urban Development OIG Hotline
Internal Revenue Service	U.S. Immigration & Customs Enforcement
Montgomery County Fraud, Waste & Abuse Hotline	U.S. Postal Inspection Service
Public Utility Commission of Texas	U.S. Federal Trade Commission



### ***Value Added from FWA Hotlines***

According to the Association of Certified Fraud Examiners, organizations with hotlines detect fraud, waste, or abuse on average six months sooner than those without hotlines. In addition, median financial losses were nearly double at organizations without hotlines.

All FWA investigations by Internal Audit were conducted by Certified Fraud Examiners in coordination with the County Attorney's Office.

<p><b>Internal Audit Investigation Team:</b></p> <p>Errika Perkins, Chief Assistant County Auditor John Steen, Compliance Audit Director Michael Wong, Compliance Audit Manager Cassie Johnson, Statutory Audit Manager Rebecca DuPree, Senior Investigator Ade Bankole, Senior Investigator Shawn Varghese, Senior Investigator</p>	<p><b>File a Report</b></p> <p>Report the misuse of County funds, potential fraud, waste, or abuse in County programs and operations by contacting the Fraud, Waste &amp; Abuse Hotline.</p> <p><b>Internet:</b> <a href="http://www.harriscounty.ethicspoint.com">www.harriscounty.ethicspoint.com</a> <b>Telephone:</b> (866) 556-8181 <b>Mail:</b> Harris County Auditor's Office Fraud, Waste &amp; Abuse Team 1001, Preston, Suite 800 Houston, Texas 77002-1817</p> <p><b><i>INVESTIGATIONS ARE CONFIDENTIAL. REPORTERS MAY REMAIN ANONYMOUS.</i></b></p>
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