



WORKFORCE SOLUTIONS of the Coastal Bend

POLICY

CATEGORY:	Board Administration	No: 1.0.111.00
TITLE:	Fraud, Waste, Theft, and Program Abuse	
SUPERSEDES:	N/A	
EFFECTIVE:	December 16, 2011	
BOARD APPROVAL:	December 15, 2011	
DATE OF LAST REVIEW:	September 18, 2014	

I. PURPOSE:

This policy identifies the parameters of a system to prevent and detect fraud, waste, theft, program abuse, and conflict of interest.

II. DEFINITIONS:

Fraud – An intentional deception or misrepresentation made by a person with the knowledge that the deceptions could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State Law.

Abuse – Provider practices that are inconsistent with sound fiscal business practices and result in an unnecessary cost to the Federal, State or Local authorities overseeing funds, or in reimbursement for services that are not necessary, or that fail to meet professionally recognized standards.

Appearance of a Conflict of Interest – A circumstance in which a Board Member, Board employee, Contracted Service Provider, or Contracted Service Provider’s employee’s action appears to be:

- Influenced by considerations of one or more of the following: gain to the person, entity, or organization for which the person has an employment interest, substantial financial interest, or other interest, whether direct or indirect (other than those consistent with the terms of the contract), or;
- Motivated by design to gain improper influence over the Commission, the Agency, the Board, or the Board’s Chief Elected Officials.

Confidentiality – The act of insuring that documentation is used only for the purpose(s) for which it was originally established, and is not disclosed or made public except as provided by law and regulation and consented to by the reporter.

Conflict of Interest – A circumstance in which a Board Member, Board employee, Contracted Service Provider, or Contracted Service Provider’s employee is in a decision-making position and has a direct or indirect interest, particularly a financial interest, that influences the individual’s ability to perform job duties and fulfill responsibilities.

Due Diligence –Such measure of prudence, activity, or assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent man under the particular circumstance.

Incident – A situation of possible fraud, abuse, conflict of interest, or appearance of a conflict of interest as defined in this policy, which has a potential for liability to the Board or its contracted service providers.

Theft – To take or appropriate without right or leave Board property and/or assets with intent to keep or make use of wrongfully.

Waste – To spend or use Board property and/or assets carelessly

III. POLICY STATEMENT:

Workforce Solutions of the Coastal Bend shall exercise due diligence in the detection and prevention of fraud, waste, theft, and program abuse.

A system for the prevention and detection of fraud, waste, theft, and program abuse shall, at a minimum, consist of the following:

- Code of Conduct
- Fraud Risk Assessment, Prevention, and Detection Best Practices
- Identity Theft Prevention
- Data Security and Integrity

Board members, Board staff and contracted service providers and their employees shall report all incidents of potential and/or bona fide fraud, waste, theft and program abuse.

Each Board member, Board staff, and contractor service provider and their employees shall comply with the provisions of this policy relating to the detection and prevention of fraud, waste, theft, or program abuse.

The Board shall distribute funds only to a contracted service provider who has demonstrated an effort to comply with reporting guidelines.

Discovery of incidents suspicious of fraud, waste, theft, or program abuse must be reported to the appropriate supervisor immediately.

Contracted service providers and their staff shall respond to disclosures or suspicions of fraud, waste, theft, or program abuse, by reporting it to the Board within three (3) days of the discovery of the incident.

Each contracted service provider shall develop internal policy and procedures that describe how it will determine, document, and report incidents of fraud, waste, theft, and program abuse.

All board and contractor staff shall receive training annually on policies and procedures in regard to the detection and prevention of fraud, waste, theft, and program abuse. New staff shall receive this training as part of their initial training/orientation. Training shall be documented. As part of the

training, staff shall be informed that the staff person, who has cause to suspect fraud, waste, theft, or program abuse has occurred, is responsible for reporting.

Code of Conduct

The Board, Board staff, and contracted service providers shall have written codes of conduct which, at a minimum addresses:

- Ethical standards;
- Conflicts of interest;
- Confidentiality of information;
- Fair dealing;
- Protection and proper use of Board assets;
- Related party transactions;
- Illegal acts;
- Compliance with laws, rules, and regulations; and
- Monitoring the code of conduct.

Fraud Risk Assessment, Prevention, and Detection Best practices

A detailed risk assessment to determine potential risks and identify potential fraud schemes shall be performed annually. The risk assessment shall include, at a minimum, the following administrative functions and services:

- Finance and Accounting;
- Purchasing and contracting;
- Information Technology (IT); and
- Human Resources Management.

Identity Theft Prevention

Board staff and contracted service providers shall implement an identity theft program that includes:

- IT guidelines on the protection of sensitive data; and
- Identity theft measures and authentication guidelines.

Data Security and Integrity

Board Staff and contracted service providers shall implement systems to ensure the accuracy and completeness of all data management information.

A systematic review of customer data entered into data management systems shall be performed at least annually.

IV. PROCEDURES: N/A

V. RELATED POLICY INFORMATION:

Title 20 Code of Federal Regulations (DFR) Sections 667.505 and 667.630
Texas Administration Code (TAC) 801.13
Texas Government Code &2308.257
WD Letter 40-05, Change 1 dated 10/24/2007

VI. RESPONSIBILITIES:

The President/CEO shall ensure that all officers, staff, and members of the Coastal Bend Workforce Development Board are apprised of and comply with this policy. The policy shall be included in the New Board Member's Handbook and any orientation activity for new members.

Board Contract Management Staff shall ensure that contractors are aware of and comply with all aspects of this policy.

VII. FORMS AND INSTRUCTIONS: N/A

VIII. DISTRIBUTION:

Board of Directors Board Staff Contracted Service Provider Staff

IX. SIGNATURES:

Reviewed by EO Officer

Date

President/CEO

Date