

Office of the
INSPECTOR GENERAL



REPORT OF INVESTIGATION

File Number: 11-027

Agency: Georgia Department of Transportation

Basis for Investigation: Complaint

Allegations: Conflict of Interest

Date Opened: February 1, 2011

Investigated By: Deborah Wallace, Deputy Inspector General
Marty Bozeman, GDOT Investigator

Date of Report: March 22, 2011

Deron R. Hicks, Inspector General

OFFICE OF THE INSPECTOR GENERAL



File Number: 11-027

EXECUTIVE SUMMARY

In February 2011, the Office of the State Inspector General (OIG) received a complaint alleging that a cash payment had been made to an employee of the Georgia Department of Transportation (GDOT) by an employee of Serco, Inc. (Serco), a GDOT contractor. Concern was also expressed that the GDOT employee would attempt to use his position to influence an ongoing contract process between GDOT and Serco.

OIG and GDOT's Investigative Unit conducted a joint investigation to determine whether the state employee's actions constituted a conflict of interest. OIG also reviewed the contract solicitation and negotiation process to determine the extent of the employee's participation and whether his actions may have tainted the process.

During the course of the investigation, OIG conducted interviews, reviewed official files, documents, policies, procedures, correspondence, emails and applicable state rules and regulations.

OIG confirmed that a conflict of interest occurred when the GDOT employee engaged in consulting work at the request of a Serco employee and was compensated by a Serco employee. We found that the contract process was compromised due to a conflict of interest when the GDOT employee failed to abide by established policies relating to secondary employment, standards of conduct, and conflicts of interest in the award and administration of contracts. The employee failed to seek permission from GDOT management prior to performing the consulting work at issue. This would have allowed GDOT to determine whether his consulting work would conflict with his duties at GDOT. Moreover, upon being named to serve as a member of the Evaluation Committee during an active contract solicitation process, the employee failed to disclose his outside consulting work to the Contracting Officer, which would have resulted in his removal from the solicitation process.

As a result of the investigation, GDOT took swift, prompt action and issued a Notice of Cancellation for RFQ 484-061110: Indefinite Delivery, Indefinite Quantity Contract for Traffic Management Center Operations and Support. The contract, had it gone forward,

would have been in force for six years with a combined maximum allowable cost of twenty-one million dollars.

OIG offers the following recommendations to GDOT. We request that GDOT provide a written response regarding implementation of these recommendations within 30 days of the issuance of this report.

1. GDOT should consider establishing an internal procedure for approving and providing recommendations and evaluations of vendors requested by third-parties. Such recommendations and evaluations must be consistent with established conflict of interest policies. The policy should include a prohibition against GDOT employees offering comments or quotes that may be included in marketing material of a GDOT contractor or vendor (or a potential GDOT contractor or vendor), except as same may be approved in advance by a designated GDOT representative.
2. GDOT should consider establishing a policy that requires all employees to report annually in writing any outside employment. Moreover, said policy should require GDOT employees to report any offer or solicitation of employment by a current GDOT contractor or vendor.



Report of Investigation

File No. 11-027

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Summary of Actions
Georgia Department of Transportation
File Number 11-027

I. BASIS FOR INVESTIGATION

In February 2011, the Office of the State Inspector General (OIG) received a complaint alleging that a cash payment was made to an employee of the Georgia Department of Transportation (GDOT) by an employee of Serco, Inc. (Serco), a GDOT contractor. Concern was also expressed that the GDOT employee would attempt to use his position to influence an ongoing contract process between GDOT and Serco.

II. ACTION TAKEN IN FURTHERANCE OF INVESTIGATION

OIG and GDOT's Investigative Unit conducted a joint investigation to determine whether the state employee's actions constituted a conflict of interest. During the course of the investigation, OIG also reviewed the contract process to determine the extent of the employee's participation and whether his actions may have tainted the contract process. OIG conducted numerous interviews, reviewed official files, documents, policies, procedures, emails, correspondence and applicable state rules and regulations.

II. NARRATIVE

A. BACKGROUND

GDOT plans, constructs, maintains and improves the state's network of roads and bridges. The department also provides planning and financial support for other modes of transportation such as mass transit and airports and provides air travel to state departments. In recent years, GDOT has increased the use of consultant services in order to meet the goal of delivering the transportation program in an efficient and effective manner. Commissioner Vance Smith oversees a department comprised of approximately 6,000 employees.

The employee named in this complaint, Anthony Bradford, has worked for GDOT for approximately sixteen years. Bradford currently serves as the Manager of the Traffic Management Center (TMC) and oversees the TMC operations, dispatching of HERO units, 511 traffic information, and the Oversize Permit Unit.

Serco contracts with GDOT to provide support to the TMC operations with program management, technology, and staffing.

B. INVESTIGATION

Allegation: “Did GDOT’s TMC Manager Anthony Bradford accept a cash payment from a Serco employee?”

OIG and GDOT’s Investigative Unit initiated a joint investigation on February 1, 2011, after a complaint was received from Robert Lantz, Associate General Counsel for Serco, and Serco’s private counsel, Erika Birg, from Seyfarth and Shaw, LLP.

Lantz and Birg disclosed information to OIG which they derived as a result of an internal investigation conducted by Serco. The complaint alleged that GDOT employee Anthony Bradford received \$2,500 cash from a Serco employee named Jon Ringler.

Serco’s internal investigation revealed that Ringler had attempted to submit invoices for consultant services for an entity identified as Strategy Management Solutions. An invoice dated November 3, 2010, for \$2,500¹ was submitted for payment listing consulting services for Virginia DOT’s Hampton Road Traffic Operations Center. The payee was listed as Strategy Management Solutions, P.O. Box 17537, Atlanta, Georgia. Serco did not pay the invoice due to missing vendor forms required for processing. Subsequently, the invoice was submitted again and included a Serco Vendor/Subcontractor Data Certification dated December 17, 2010, which listed the vendor as Strategy Management Solutions, identified as an incorporated small business with three employees, a reported annual revenue of \$120,000, and a small business taxpayer ID number of 27-XXXXXXX.² The company’s CEO was reflected as Mr. Theodore Weston. Also attached was a W-9 form mirroring the taxpayer identification number. The invoices and forms were submitted by Jon Ringler. Upon discovery of the suspicious invoices, Serco questioned Ringler who admitted that he was trying to get money for DOT employee Anthony Bradford. Further, Ringer admitted that he withdrew \$2,500 cash from his personal account and met with Bradford a week before Christmas 2010 to give him the cash.

In light of the above, Serco suspended Ringler and subsequently contacted OIG to disclose this information since it implicated a state employee. Serco informed OIG that they were one of two bidders in Virginia on a five year, eighty-million dollar project, but after a review of the facts revealed in their internal investigation, they withdrew their proposal. Serco also provided OIG with a copy of an undated GDOT letter of recommendation from Anthony Bradford which had been provided to them, reportedly in relation to the Virginia proposal.

A records check with the Office of the Georgia Secretary of State failed to reveal any evidence that a company named Strategy Management Solutions had been established in the State of Georgia or was otherwise registered to do business in the

¹ It is our understanding that if the invoiced amount had exceeded \$2,500, Serco’s policies would have required additional documentation.

² The complete taxpayer identification number has been redacted for privacy purposes.

State of Georgia. Moreover, there was no evidence of a registered agent by the name Theodore Weston listed in the records of the Georgia Secretary of State. An inquiry was also made to the U.S. Postal Service concerning information relating to the rental of P.O. Box 17537 in Atlanta for Strategy Management Solutions. To date, the postal service has not responded. In addition, OIG was not able to independently verify whether the taxpayer ID number provided on the invoice was valid.³

GDOT Investigator Marty Bozeman conducted a review of email captured from Bradford's work computer. Evidence gathered during the review provided corroborating evidence about the initial allegation as well as additional information concerning other endeavors on the part of Bradford in noncompliance with departmental policies.

GDOT has a clearly established policy on secondary employment that allows employees to engage in outside work, provided they follow specific guidelines. Employees are expected to avoid any outside work that could be perceived as creating a conflict of interest with his or her responsibilities to GDOT. Employees who wish to engage in secondary employment must obtain written permission from management prior to engaging in such employment.

In order to determine Bradford's roles and responsibilities at GDOT, OIG interviewed his supervisors who confirmed his official duties as Manager of the Traffic Management Center. Bradford's duties include daily interaction with employees of Serco who provide 24/7 support to the Center.

OIG confirmed that Bradford had not sought approval from his supervisors concerning his outside consulting work. OIG learned that even if Bradford would have requested such approval as required by policy, his supervisors would have denied the request so as to avoid even the appearance of a conflict of interest.

Interviews were also conducted with several Serco employees who provided information concerning Bradford's alleged involvement in Serco's bid on the Virginia proposal and his acceptance of a cash payment from Serco employee Jon Ringler. During an interview with Ringler, details were gathered about the scope of work in which Bradford provided consulting services. An agreement was made between Bradford and Serco's David Spinney and Jon Ringler wherein Bradford would conduct staffing reviews, identify key members, and review Serco's Hampton Roads, Virginia TMC proposal prior to submission. In return for his work, which was by agreement not to exceed \$2,500⁴, Bradford was to furnish Serco with an invoice which was to be paid net in forty-five days. Ringler maintained that when the invoice was not paid by Serco in December, he elected to withdraw money from his personal account and pay Bradford for the work he had performed. Ringler hoped he would subsequently be reimbursed by his company.

³ See footnote 6.

⁴ See footnote 1.

Evidence derived during the investigation pointed to the fact that at an established rate of \$75 per hour, Bradford did in fact perform consulting work referred to him by several Serco employees. Bradford performed consulting work including but not limited to Serco's projects in conjunction with the States of North Carolina and Virginia, as well as one known city government in California. In fact, email correspondence discovered during the review of Bradford's computer files revealed that Serco employee Marcus Wittich promoted Bradford as a consultant and actually referred Bradford to the vendors who were proposing to work with the City of Roseville, California's TMC. Email also documented the fact that Wittich was recommending Bradford for Serco employment as a Project Manager in relation to the Hampton Roads, VA TOC. During our interview with Wittich, he admitted the aforementioned. Additionally, we questioned Wittich about an email which revealed that he forwarded a rough draft of a recommendation letter to his fellow Serco employees Jon Ringler and David Spinney. The email subject line read "suggested Reference letter for AB." The draft letter resembled the letter Serco provided to OIG on the day the complaint was filed. Wittich could not recall details relating to the email.

GDOT also has a clearly established Standards of Conduct policy which requires employees to conduct themselves in a manner that prevents all forms of impropriety, placement of self-interest above public interest, partiality, prejudice, threats, favoritism and undue influence. Moreover, employees must be alert in conducting business with employees and non-employees to avoid even the appearance of misconduct, personal or financial gain or conflict of interest.

Anthony Bradford was interviewed on March 9, 2011. Bradford fully cooperated and admitted that he performed consulting work at the request of Serco employees on the VDOT's Hampton Roads TMC project in order to supplement his income. He believed he could do this since it did not involve a project in Georgia.

Bradford stated that Serco employees Jon Ringler and David Spinney asked him if he was interested in doing some consultant work for Serco. Bradford told investigators that he reviewed Serco's staffing and technical plans and critiqued the Hampton Roads, VA TMC bid. Bradford maintained that he completed the work while off-duty from GDOT and was paid approximately \$2,000 to \$2,500 on December 17, 2010. Bradford stated he performed the work at home on his personal computer and used his personal email account to send in his work to Serco.⁵ Bradford admitted he never checked with anyone at GDOT to see if this was a conflict of interest, and he never looked at any of the GDOT policies to which he had access to determine if his actions were permissible.

When asked about the vendor invoice submitted to Serco listing Strategy Management Solutions, Bradford acknowledged that Strategy Management Solutions is his company. He stated the company is comprised of three employees: himself, his wife and his cousin. Bradford stated the company is a limited liability

⁵ OIG has not been provided a copy of any reports, emails or other documents evidencing the consulting work performed by Bradford.

corporation formed by his cousin Theodore Weston who lives in Charleston, South Carolina, and that the company was formed in either Delaware or Nevada approximately one year ago.⁶

When asked who filled out the vendor form submitted to Serco, Bradford stated that he filled it out and signed his cousin's name, Theodore Weston, on the form. Bradford stated that he signed his cousin's name since his cousin was in South Carolina. Bradford stated he applied for the company tax number online, and that he was the one who rented the company post office box in Atlanta.

We asked Bradford about other jobs he has performed as a consultant, and he responded that he also performed consulting work for the Raleigh NC TMC bid of Serco in 2009. Jon Ringler of Serco approached him about doing this job, and Bradford understood Serco was a subcontractor to Peace Communications. Bradford stated he worked on customer satisfaction surveys, efficiency reviews, and reviewed the bid itself. Bradford stated he was to be paid \$8,000, but did not receive that full amount. He said he was paid \$7,200 or \$7,300. Part of this payment was by cash and the other part paid by money order. Bradford said he was never paid the full \$8,000. Bradford reiterated that he saw nothing wrong with doing this since it was not a project in Georgia.

Bradford also acknowledged he is presently providing consulting services for a company called DKS Associates located in Oakland, California. He was referred to the company by Serco employee Marcus Wittich, who works at GDOT's TMC. The work for DKS Associates involves reviewing an operation and procedures bid for the City of Roseville, California Traffic Operations Center. He is to be paid \$75 per hour with a cap of \$5,000. Bradford has not been paid yet for his work with DK Associates but expects to be paid between \$2,000 and \$2,500.

Bradford also told investigators he has been offered full time employment several times by Serco but he has declined their offers.

We asked Bradford about the Serco Letter of Recommendation for Traffic Management Center Operations Support that was provided to investigators by Serco counsel. Bradford reviewed this letter and stated it was a copy of his signature but he had not written the letter and had not seen it before. He thinks it may have been copied and pasted by someone. He said normal recommendations are not made in that format; instead, a vendor typically sends a questionnaire where GDOT can give a numeric rating on an established scale. Bradford seemed certain that the only recommendation he had completed for VDOT was one on a form which had been sent to him in which he provided a numeric input and returned it to them.

⁶ Bradford was asked at the conclusion of his interview to provide documentation to support his statements concerning the creation of Strategy Management Solutions and its ownership structure. On March 17, 2011, Bradford provided to OIG a copy of a certificate of organization for Strategy Management Solutions, LLC from the Office of the Secretary of State of the State of Wyoming and an assignment from the Internal Revenue Service of taxpayer identification number 27-XXXXXXX to that same entity.

We also questioned Bradford about two internet articles, one from Serco and one from Iteris (another DOT contractor), wherein he is quoted as praising the contractors' work in Georgia. We asked Bradford if he had to secure approval from anyone at GDOT prior to providing these quotes, and he said no.⁷ We also asked Bradford if he believes that such statements compromise his ability to fairly assess future RFQs from the contractors. Bradford maintained that he is still able to fairly assess the contractor's performance.

Bradford was asked if he was on the GDOT committee to review the Serco contract. He stated he was one of the members of the review team which is guided by the Procurement Division. Bradford stated he did not alert anyone on the committee or anyone else about his consulting work. He maintained that he did not show Serco any favoritism.

During the course of Bradford's interview, we addressed findings from a review of Bradford's emails and referenced the fact that he had been receiving and sending personal emails that were not related to GDOT business. Bradford admitted he was in violation of the department's email policy.

Throughout the interview, Bradford was cooperative and extremely remorseful. However, Bradford reiterated that he did not believe his actions to be problematic because the consulting services he was providing were for projects outside of Georgia.

Based on the documents reviewed and interviews conducted, OIG substantiated the allegation that Anthony Bradford accepted a cash payment from a Serco employee.

C. GDOT'S PROCUREMENT PROCESS

GDOT has a clearly established policy on conflicts of interest in the award and administration of contracts. Because GDOT has increased the use of consultant services in recent years, it has established strict guidelines for employees involved in the selection, award, and/or administration of a contract. This policy stresses the need for employees to be cognizant of the potential for conflicts of interest and outlines specific actions employees must follow.

Given that our investigation substantiated the initial allegation and highlighted other impropriety, as a final step on March 11, 2011, we met with GDOT's Chief Acquisition Officer and three members of his contracts administration staff. We sought clarification of Anthony Bradford's role in the procurement process related to Serco's contract for GDOT's Traffic Management Center (TMC) for Operations and Support.

⁷ Bradford indicated that the Iteris article is actually inaccurate as it does not give credit to the subcontractor, Meridian, who actually performed the work. He shared that a VP of Meridian telephoned him after seeing the article and was disturbed because it was not portrayed correctly.

Upon hearing a brief outline of the allegation and our investigation, Chief Acquisition Officer Sawyer stated that he has the authority to cancel any procurement if he has reason to believe it is tainted.

Sawyer and his staff confirmed that GDOT was in the final negotiation stage of an ongoing solicitation with Serco that was only a few days away from completion. Sawyer and his staff explained that an incredible amount of work has been devoted to the solicitation. Sawyer provided copies of all pertinent documents relating to RFQ-484-061110: Indefinite Delivery, Indefinite Quantity Contract for Traffic Management Center Operations & Support. Sawyer explained that the solicitation process actually began in late spring of 2010. He referenced the solicitation schedule with definitive dates set forth for the different stages including Solicitation Development, Advertisement, Evaluation, Award and Negotiation, and Execution.

We confirmed that the Contracting Officer was responsible for overseeing the solicitation and providing guidance and clarification to any one involved – state staff or vendors. Anthony Bradford was one of five Evaluation Committee Members who were given strict guidelines concerning restrictions on communication with vendors during the solicitation process. Vendors are also included on the communication restrictions.

We confirmed that Bradford signed a Conflict of Interest statement on June 17, 2010, attesting to the fact he had read and understood GDOT's Standards of Conduct Policy and Procedures regarding Conflict of Interest. As an Evaluation Committee member, Bradford individually scored three vendors' proposals prior to a final consensus being reached by GDOT that Serco was the highest ranking vendor.

We confirmed that at no time was the Contracting Officer made aware of any outside consulting services provided by Bradford that could have compromised his position on the evaluation committee.

Subsequent to our interview with Chief Acquisition Officer Sawyer and his staff, GDOT took prompt action and issued a Notice of Cancellation for RFQ 484-061110: Indefinite Delivery, Indefinite Quantity Contract for Traffic Management Center Operations & Support. The contract, had it gone forward, would have been in force for six years with a combined maximum allowable cost of twenty-one million dollars.

IV. CONCLUSION

OIG finds that Bradford should have communicated with his supervisors and requested authorization prior to engaging in any type of outside employment. However, in this particular instance, it is clear that GDOT would not have approved any request by Bradford to perform consulting services for Serco. Had Bradford reported the unauthorized consulting work to the GDOT Contracting Officer, it is also apparent that steps would have been taken to remove him from the solicitation process so as to avoid the appearance of impropriety. The solicitation process and the contract negotiations were severely compromised by Bradford's failure to disclose the consulting work he performed at the request of certain Serco employees.

In addition to the foregoing, Bradford's ability to provide recommendations on behalf of vendors without any supervisory approval or review is a matter of concern. Such statements and recommendations, if not carefully supervised and controlled, may also compromise the vendor selection process and otherwise create an appearance of impropriety.

Bradford's actions undermined public confidence and resulted in a tremendous loss to the State of Georgia. However, despite the loss, GDOT's willingness to conduct a joint investigation with OIG in order to document what happened and take appropriate steps to remedy the situation is a testament to transparency and accountability. In addition, OIG applauds the willingness of Serco to disclose the information uncovered by its internal investigation.

V. RECOMMENDATIONS

OIG offers the following recommendations to the Georgia Department of Transportation. OIG requests that GDOT provide a written response regarding implementation of these recommendations within thirty (30) days of the issuance of this report.

1. GDOT should consider establishing an internal procedure for approving and providing recommendations and evaluations of vendors requested by third-parties. Such recommendations and evaluations must be consistent with established conflict of interest policies. The policy should include a prohibition against GDOT employees offering comments or quotes that may be included in marketing material of a GDOT contractor or vendor (or a potential GDOT contractor or vendor), except as same may be approved in advance by a designated GDOT representative.
2. GDOT should consider establishing a policy that requires all employees to report annually in writing any outside employment. Moreover, said policy should require GDOT employees to report any offer or solicitation of employment by a current GDOT contractor or vendor.