

Office of the
INSPECTOR GENERAL



Annual Report
Fiscal Years 2017 - 2018

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**FY 2017-2018 ANNUAL REPORT
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LETTER FROM THE INSPECTOR GENERAL

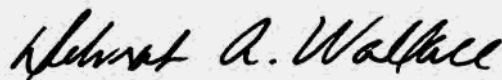
It is an honor to present the Annual Report of the Office of the Inspector General for the State of Georgia. This report provides an overview of our key accomplishments and activities from 2017 through 2018 and outlines our goals and objectives moving forward. Please note for every dollar invested in OIG during this period, OIG uncovered over \$11 in fraud.

Since 2003, the Office of Inspector General established itself as the primary outlet for people to report wrongdoing within the Executive Branch of state government. The office also serves as a resource to assist agency leaders to increase the efficiency and effectiveness of their daily operations.

In addition to our successful investigative work, we continue to expand our fraud awareness training program and educate thousands of state employees. We also maintain a network of state, federal, and local agencies to foster the sharing of information statewide, to avoid the duplication of effort, and to develop techniques designed to prevent and reduce fraud, waste, and abuse within state government. These partnerships have unquestionably resulted in increased cooperation and communication among the various government agencies.

While the vast majority of state employees serve the citizens of Georgia with integrity and honesty, there are those who may not hold such high standards. Accordingly, the Office of Inspector General will continue to diligently investigate fraud, waste, abuse, promote effective controls, improve agency policies and procedures, and identify opportunities to promote efficiency in state government.

We are here to serve the State of Georgia and promote transparency and accountability in the state agency operations. We must maintain a careful watch and guard against complacency.



Deborah A. Wallace
Inspector General

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MISSION

The Office of the Inspector General is an independent investigative agency created to strengthen the trust between the citizens of Georgia and their public officials. We strive to uncover fraud, waste, abuse, or other compromising situations by taking an active approach in the investigation of complaints against state departments, agencies, boards, and commissions under the authority of the Governor. Our goal is to produce a more efficient, cost-effective and trustworthy government entity.

BACKGROUND AND RESPONSIBILITIES

The Office of the Inspector General (OIG) was created on January 13, 2003, by Executive Order of Governor Sonny Perdue.

The OIG is charged with fostering and promoting accountability and integrity in state government. The OIG has the authority to investigate complaints of fraud, waste, abuse and corruption in all executive branch agencies, departments, commissions, authorities and any entity of State government that is headed by an appointee of the Governor. Excluded from our jurisdiction are the General Assembly and any Courts.

Pursuant to our Executive Order, the OIG has the authority to enter upon the premises of any state agency at any time without prior announcement, to inspect the premises or to investigate any complaint. The OIG also has the authority to question any state employee serving in, and any other person transacting business with the state agency. In addition, the OIG has the authority to inspect and copy any books, records, or papers in the possession of the state agency, except where otherwise prohibited by law.

Upon completion of an investigation, we report our findings and recommendations to the affected state agency. Recommendations can include improving agency policies and procedures in order to avoid recurrence of fraud, waste, abuse, or corruption. Should the OIG find indications of criminal wrongdoing, our report and relevant documents will be forwarded to the appropriate prosecutorial authority for possible criminal prosecution.

COMPLAINT REVIEW PROCESS

Matters alleging fraud, waste, and abuse within the Executive Branch are considered to be complaints. Written or verbal responses to complaints are provided to the complainants upon request. Incoming complaints are logged into an electronic database tracking system, which automatically assigns a numeric file number.

Upon being assigned a case file number, a complaint may require additional research to determine if an investigation should be initiated. Once this preliminary inquiry is completed, the complaint is brought before the Inspector General (IG) to be analyzed for one of the following appropriate actions.

Administrative Investigation – The IG may determine that an administrative investigation is warranted. In this case, allegations involving state agencies or state employees are examined that do not violate criminal laws.

Criminal Investigation – If there is reason to believe a violation of law has occurred, the OIG will conduct an investigation. The matter will be turned over to the appropriate prosecuting authority for possible criminal prosecution or to the appropriate regulatory or law enforcement agency for further action.

Close Case – If it is determined that there is insufficient evidence to support the complaint, the matter will be closed. The OIG has the authority to decline investigating a received complaint if it is determined that the complaint is frivolous, moot, insufficient for adequate investigation, or not made in good faith.

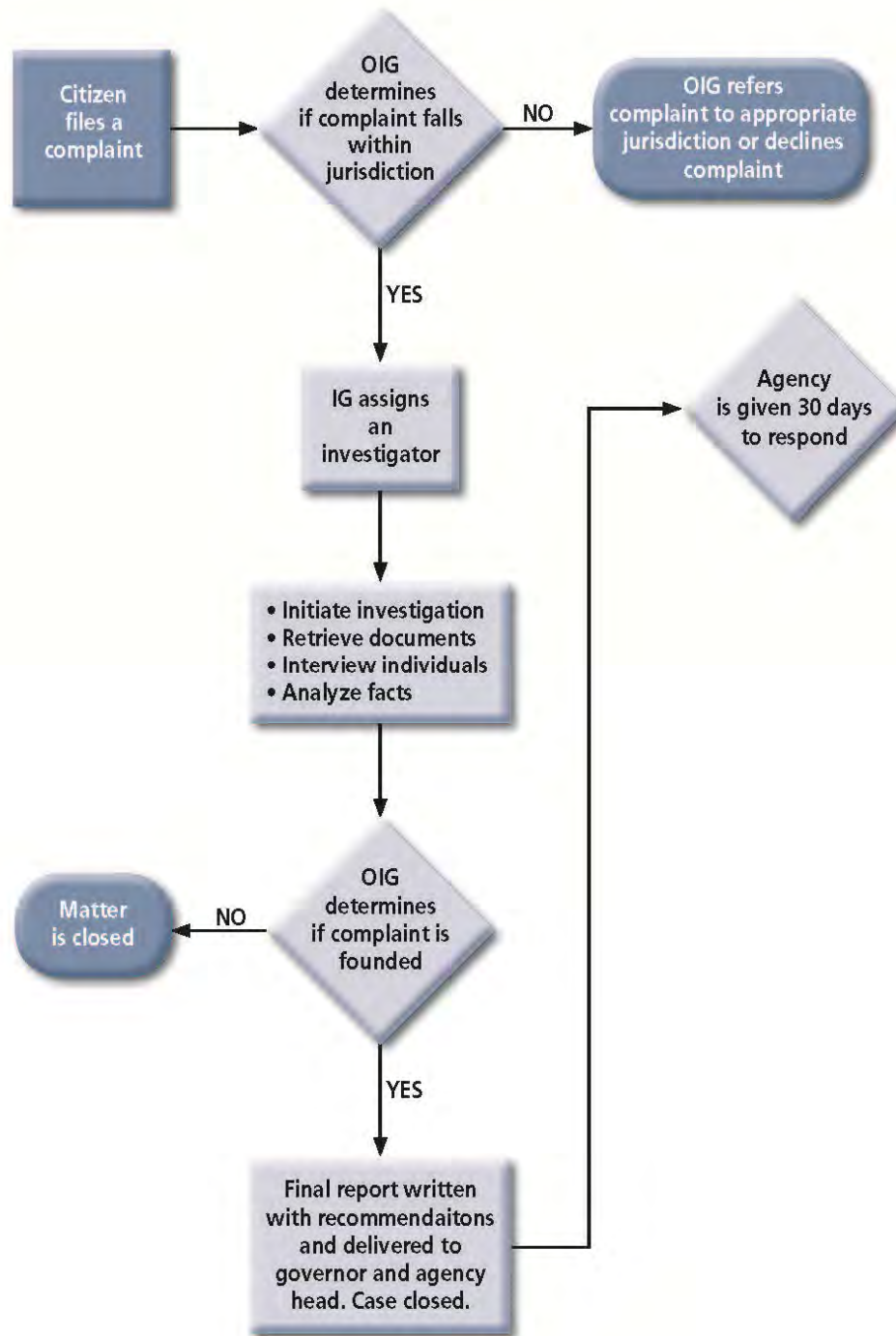
Beyond OIG Legal Authority – If the IG determines that a complaint is beyond the legal authority of the OIG, OIG will refer the complaint.

Referral – If the IG determines that another agency is the appropriate forum for the complaint, the complaint may be referred to that agency.

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WHAT HAPPENS TO A COMPLAINT?

Complaint Flow Chart



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TYPES OF ALLEGATIONS

Complaints submitted to the OIG may include a wide range of alleged wrongdoings and may include allegations of more than one type of misconduct by an entity or individual. Some categories of wrongdoing under the jurisdiction of the OIG include the following.

Fraud: Fraud is a knowing misrepresentation of the truth or concealment of material fact to induce another to act to his or her detriment.

Internal fraud, also called occupational fraud, is the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the organization's resources or assets.

Examples:

- Corruption – acts such as bribery and conflicts of interest
- Financial Statement Fraud
- Asset Misappropriation – acts such as theft of money and resources

External fraud covers a broad range of schemes in which outside parties attempt to improperly gain access to an organization's resources and assets.

Examples:

- Dishonest Vendor Schemes – acts such as bid-rigging
- Dishonest Recipient Schemes – acts such as false applications and billings
- Hacking Schemes – acts such as theft of proprietary information
- Phishing Schemes
- Identity Theft

Waste: Waste is a reckless or grossly negligent act that causes state funds to be spent in a manner that was not authorized or represents significant inefficiency and needless expense.

Examples:

- Unnecessary Purchases
- Purchases Costing Higher than Cheaper Alternatives
- Idle Expensive Assets

Abuse: Abuse is the intentional, wrongful, or improper use or destruction of state resources, or seriously improper practice that does not involve prosecutable fraud.

Examples:

- Misuse of State Assets
- Improper Hiring Practices
- Significant Unauthorized Absences
- Significant Personal Business During Working Hours

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INVESTIGATIVE ACTIVITY OVERVIEW

The OIG is charged with investigating allegations of fraud, waste, and abuse within the Executive Branch of State Government. Over the course of fiscal years 2017 and 2018, the OIG has had the opportunity to lead and participate in several significant investigations. Some of those investigations were conducted in coordination with other investigative agencies such as the Georgia Bureau of Investigation (GBI), the Federal Bureau of Investigation (FBI), and various federal Offices of Inspector Generals. Cases involving criminal activity were referred to prosecuting bodies such as the United States Attorney's Office, the Georgia Department of Law, and various local District Attorney's Offices. Below are highlights illustrating cases investigated by the OIG.

13-0047:

Former Director of Fort Gordon Youth Academy Lynda Dukes pled guilty to one count of Racketeering in Richmond County Superior Court on July 8, 2016. Under the First Offender Act, she was sentenced to fifteen years probation and a one thousand dollar fine. She was also ordered to pay \$69,723.14 in restitution.

Ms. Dukes used Fort Gordon Youth Challenge Academy resources to make approximately \$70,000 worth of transactions to benefit herself and others. The transactions included airline tickets, gasoline, ATM withdrawals, and checks payable to cash. To perpetrate her scheme, Dukes redirected deposits intended for certain Fort Gordon Youth Challenge Academy accounts into an account over which she had sole control. The activity took place between December 7, 2009, and March 4, 2013.

The OIG was alerted to the allegations by the Georgia Department of Defense. A Fort Gordon Youth Challenge Academy employee reported the previously unknown bank accounts following an accidental discovery.

17-0002:

On December 11, 2017, former Georgia Bureau of Investigation (GBI) Inspector Sandra Jean Putnam pled guilty to Racketeering and Violation of Oath by Public Officer. Ms. Putnam was sentenced under the Georgia First Offender Act to ten years probation and 200 hours of community service. She was also ordered to pay \$60,268.04 in restitution.

From May 2013 until August 2016, Ms. Putnam utilized government issued purchasing cards to purchase goods and services that were personal in nature. The transactions included, but were not limited to, home furnishings and hardware, a television, painting and cleaning services. Ms. Putnam orchestrated her scheme by utilizing her position within the GBI to circumvent policies and by submitting falsified documentation to support her transactions. Ms. Putnam resigned after 23 years of state service after a search warrant was conducted at her residence in

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August 2016 and surrendered after an arrest warrant was issued. Ms. Putnam is currently facing federal charges for her actions.

The case was referred to the OIG by the Department of Administrative Services and investigated by GBI and OIG. During a routine review of purchasing card activity, a Department of Administrative employee was alerted to the unusual purchasing activity of Ms. Putnam.

In addition to the aforementioned examples, the OIG’s investigative efforts have resulted in a number of other noncriminal actions. Such actions include statewide and agency policy changes, termination of employment, and punitive monetary decisions.

See below for a statistical overview of the results of the OIG’s investigative efforts during the reporting period. Additional details about closed cases are available upon request.

**OIG Return on Investment: Statistical Glimpse
Fiscal Years (FY) 2016 – 2018**

Description	FY 2016	FY 2017	FY 2018
Number of complaints received	204	184	227
Number of cases closed	218	222	253
Number of cases concluded with action ¹	14	25	16
Value of fraud referred for prosecution	\$10,020,844	\$7,704,383	\$8,113,364
OIG’s Annual Budget	\$670,679	\$688,408	\$716,661
OIG Return on Investment (ROI) ²	1,394%	1,019%	1,032%
Number of OIG staff	5	5	6
OIG turnover rate ³	41% ⁴	20% ⁵	33% ⁶

¹ Action includes criminal prosecution, disciplinary action, or other administrative actions

² (Value of fraud referred for prosecution – OIG’s Annual Budget) / OIG’s Annual Budget

³ Number of Separations / Average Number of Employees

⁴ Due to a senior staff member’s hire by FBI and another staff member’s move out of state

⁵ Due to a senior staff member’s hire by IRS CID

⁶ Due to two staff members transferring to other state agencies to obtain POST certified law enforcement positions

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TYPES OF RECOMMENDATIONS

There are instances in which the OIG investigative findings may warrant further action. OIG recommendations can be grouped in the following categories.

Discipline: The OIG may recommend that agency personnel be retrained, reprimanded, suspended, demoted, or discharged.

Policy and Procedure Changes: The OIG may recommend that the agency establish new policies, review and/or revise existing policies, require adherence to existing policies, and/or disseminate existing policies.

Reimbursement to the State: The OIG may recommend that the subject of investigation reimburse the State for incurred losses.

Referral for Criminal Prosecution: If the underlying facts give rise to criminal prosecution, reports of investigation will be forwarded to the appropriate prosecutorial authority for review.

Training: The OIG may recommend that the agency identify and pursue training needs to address specific issues.

FRAUD AWARENESS TRAINING

Along with an investigative component, the OIG also seeks to educate State employees on the OIG mission to ensure fraudulent activity is identified and properly reported. To achieve this, the OIG offers anti-fraud training at no cost to government agencies and affiliates to stop fraud before it occurs. During Fiscal Years 2017 and 2018, the OIG conducted 41 training events. Highlights of some events are listed below.

- Department of Administrative Services *Georgia Procurement Conference*
- Department of Community Supervision *GPACS Conference*
- Department of Juvenile Justice *Purchasing Card Training*
- Criminal Justice Coordinating Council *VOCA Grant Training*
- Department of Transportation *District Ethics and Fraud Training*

ACHIEVED INITIATIVES

From Fiscal Years 2017 through 2018, the OIG has achieved the following initiatives in order to effectively and efficiently prevent, detect, and respond to fraud, waste, abuse, and corruption. As noted above in the statistics, for every dollar invested in OIG during this period, OIG uncovered over \$11 in fraud.

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Staff Training: Crucial to an investigation is a comprehensive understanding of investigative techniques, laws, procedures, and policies that apply to criminal and administrative investigations. During Fiscal Years 2017 and 2018, OIG staff members have participated in training and professional education to expand their knowledge and skills. While not an exhaustive list, OIG staff obtained training from the following entities:

- Federal Law Enforcement Training Center (FLETC):
- Council of the Inspectors General on Integrity and Efficiency (CIGIE):
- Association of Certified Fraud Examiners (ACFE)
- Becker Professional Education
- Wicklander-Zulawski & Associates
- Georgia Crime Information Center (GCIC)
- National White-Collar Crime Center (NW3C)
- Georgia Department of Administrative Services

OIG continues to gain momentum and support, internal and external to State government as the primary investigative entity for occupational fraud within State government. As defined by the Association of Certified Fraud Examiners, these investigations focus on the use of one's occupation (State employment) of personal enrichment through the deliberate misuse or misapplication of the organization's resources or assets. Currently, the State has over 20 agencies with the ability to investigate such cases in some capacity. As such, OIG seeks to spearhead a coordinated effort to seek out and eliminate occupational fraud within the State.

Network with other agencies: Networking is crucial to the advancement of OIG. By networking with others, we continuously promote OIG's mission and build relationships. These relationships enable personnel to contact OIG when issues arise and require further investigation. Further, the relationships result in training opportunities at agency-sponsored events. Networking has proven to be invaluable and strengthens newly acquired and established partnerships.

Leverage enterprise agencies: It is essential that OIG leverage the resources of other enterprise agencies in furtherance of its mission. Resources include relationships, access to records, and audit-type reports where concerns may be identified. Our understanding and consistent application of an enterprise approach in our investigations is what sets us apart and helps to ensure a more accountable state government across the board.

MOVING FORWARD

The OIG will continue to tackle the challenges, increasing duties, and unforeseen hurdles inherent with its critical responsibility. We have a staff of professionals who represent diverse educational backgrounds, credentials, and professional expertise, and will continue to

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effectively use a team methodology in the investigative process. This team approach is necessary to combat the ever-changing landscape of public corruption and allows investigators to concentrate on the fundamental elements of the investigation, while working with other members of the investigative staff with differing areas of expertise.

ABOUT THE STAFF
(as of November 1, 2019)

Deborah Wallace, CIG, CFE – State Inspector General

Ms. Wallace is originally from Athens, Tennessee

Ms. Wallace has been with the office since its inception in 2003. She worked initially as a Deputy Inspector General, then Senior Deputy Inspector General, serving under three prior State Inspector Generals before accepting her current responsibilities as Inspector General.

As Inspector General, Ms. Wallace directs the Office responsible for investigating allegations of fraud, waste, and abuse in the Executive Branch of state government. Ms. Wallace has twenty-eight years of experience conducting administrative and criminal investigations in both state and federal government and holds credentials as a Certified Inspector General (CIG) and Certified Fraud Examiner (CFE). A retired Lieutenant Commander, she is also a twenty-year veteran of the U.S. Navy, skilled in the areas of leadership, management, and administration.

Her professional experience in the federal government includes working as a Criminal Investigator with the U.S. Naval Criminal Investigative Service, Compensation Investigator with the U.S. Army Criminal Investigative Division, and Security Specialist with the U.S. Department of Energy. Ms. Wallace also worked for the State of Tennessee as an Internal Affairs Investigator and Program Manager for the Department of Corrections. Ms. Wallace is a graduate of the Federal Law Enforcement Training Center (FLETC), the Tennessee Bureau of Investigations' Special Agent Training, and both Tennessee and Georgia State Government Executive Leadership Programs. She earned her Bachelor's in Management Science from Chaminade University and her Master's degree in Education Administration from Troy State University.

Austin Mayberry, CPA, CFE - Deputy Inspector General

Mr. Mayberry is originally from Toledo, Ohio

Mr. Mayberry is a Certified Public Accountant (CPA) and a certified Fraud Examiner (CFE) highly skilled at conducting occupational fraud investigations ranging from financial statement fraud to employee embezzlement. As Deputy IG, he leads and conducts investigations involving fraud, waste, abuse, and corruption within the Executive Branch of State government. In addition to his investigative duties, Mr. Mayberry serves as OIG's

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Chief Financial Officer. Mr. Mayberry has received advanced training in criminal and administrative investigation, fraud examinations, interviews and interrogations, contract and grant fraud examinations, public corruption, and a variety of other topics related to the anti-fraud profession.

Prior to accepting his position with the Office of Inspector General, Mayberry worked as a member of the National Financial Services Group for BKD, LLP, a national accounting firm, in Cincinnati, Ohio. Mayberry specialized in external audit, internal audit outsourcing, and regulatory compliance review. During his time in public accounting, Mr. Mayberry served numerous institutions ranging in asset size from thirty million to two trillion dollars spanning a diverse industry set.

Mr. Mayberry earned both his Bachelor of Science in Business majoring in Accounting and his Master of Accounting degree from Miami University in Oxford, Ohio, where he minored in business legal studies.

Jenna Green, CPA, CFE - Investigator

Ms. Green is originally from Snellville, Georgia

Ms. Green is a Certified Public Accountant (CPA) and a Certified Fraud Examiner (CFE) highly adept at fraud investigations, forensic auditing, and project management.

Prior to accepting her position with the Office of Inspector General, she worked in the City of Atlanta's City Auditor's Office as the first ever Investigations Manager where she built the investigative unit from the ground up, leading and conducting white collar crime investigations into alleged wrongdoing by City employees and vendors. Before this, Ms. Green worked seven years in public accounting with two notable Atlanta based firms in positions of ever-increasing responsibility ranging from Systems Associate to Senior Auditor to Associate Vice President for Financial Reporting and Analysis.

Ms. Green is a Georgia Southern University graduate who holds a Master of Accountancy with a concentration in Forensic Accounting and a Bachelor of Business Administration in Accounting with a Fraud Examination minor.

Richard Schneider – Investigator

Mr. Schneider is originally from Paramus, New Jersey

Mr. Schneider is an investigator adept in computer forensics who has a broad spectrum of experience investigating financial crime investigations. Mr. Schneider has received advanced training and developed experience in areas including complex document analysis, digital evidence retrieval and preservations, digital forensics, asset forfeiture, money laundering, and the Bank Secrecy Act.

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Prior to accepting his position as an OIG Investigator, Schneider worked as a Special Agent with the United States Secret Service in Miami, Florida, investigating violations of federal laws related to counterfeit currency, fraudulent credit cards, money laundering, identity fraud, wire fraud, mail fraud, bank fraud, and threats against protectees. Before his tenure with the Secret Service, Mr. Schneider served as a Georgia POST certified Criminal Investigator with the Georgia Governor's Office of Consumer Protection. While there, Mr. Schneider investigated violations of state laws pertaining to computer facilitated crimes, credit card transaction fraud, counterfeit identification manufacturing, and other white-collar crimes.

Mr. Schneider is a Kennesaw State University graduate who hold both a Bachelor of Science in Criminal Justice and Master of Science degree in Information Systems.

Jonell Vernon, CFE – Investigator

Ms. Vernon is originally from Patuxent River, Maryland

Ms. Vernon is a Certified Fraud Examiner with a strong financial accounting skill set and a keen eye for details.

Prior to accepting her position with the Inspector General, Ms. Vernon worked as a Forensic Accountant with a private accounting firm in Fort Lauderdale analyzing client's financial documents for instances of fraud. She also worked with the Florida Department of Revenue as an Auditor for several years where she audited taxpayer's general ledgers, tax returns, and other financial documents to ensure compliance with state tax code.

Vernon earned a Bachelor of Business Administration degree from Georgia State University and a Master of Accounting degree, with a Concentration in Forensic Accounting at Florida Atlantic University in Fort Lauderdale.

Stephen Griffin, CFE - Investigator

Mr. Griffin is originally from Evans, Georgia

Mr. Griffin is a Certified Fraud Examiner with a strong background in government operations within Georgia.

Prior to accepting his position with the Office of Inspector General, Mr. Griffin worked for the City of Atlanta as an Investigator in the Auditor's Office Investigations Unit where he reviewed allegations of wrongdoing by City employees and vendors. Before this, Mr. Griffin worked as an Auditor for the Georgia Department of Audits and Accounts where he was tasked with evaluating and reporting on government agencies' internal control environments.

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Mr. Griffin is a Georgia Southern University graduate who holds both a Bachelor of Business Administration in Accounting and a Master of Accounting degree with a Forensic Accounting Concentration.

Cedric Johnson – Auditor

Mr. Johnson is originally from Cleveland, Ohio

Mr. Johnson is a highly skilled operational, financial, and compliance auditor with incredible attention to detail. His work incorporates data analytics experience while focusing on non-conventional and special project audits in the State of Georgia.

Prior to accepting his position with the Office of the Inspector General, Mr. Johnson worked as a Staff Auditor for the Georgia Department of Transportation. While in that position, Mr. Johnson led an audit of the agency purchase card program which reduced risk exposure by \$2.1 million. Mr. Johnson previously served as owner and operator of a private business and worked in the corporate environment as Operations Manager for Federal Express. Earlier in his career, Mr. Johnson worked five years as a Parole Officer with Georgia Pardons and Paroles, after dedicating a number of years of service to our country in the United State Marine Corps.

Mr. Johnson earned his Bachelor of Business Administration in Accounting and Finance from Georgia State University in Atlanta, Georgia, as well as a Bachelor of Arts in Criminology from The Ohio State University in Columbus, Ohio.

Tonette Spencer – Administrative Assistant

Ms. Spencer is originally from East St. Louis, Illinois

Ms. Spencer has extensive training as an Administrative Assistant. Ms. Spencer provided support for events and activities, coordinated travel, processed time and expense reports, and maintained office functionality in private industry for years.

Prior to accepting her position with the Office of the Inspector General, Ms. Spencer worked as Claims Analyst with an Atlanta Insurance Company tracking and managing claim details and working with accounting department to ensure full execution of payments. Ms. Spencer also worked with American International Group (AIG) as an Administrator Assistant for many executive leaders throughout the country. Prior to that, Ms. Spencer specialized as a Workers' Compensation Adjuster, a claim analyst, and a trainer.

Ms. Spencer earned her Bachelor of Science degree in Criminal Justice, with a minor in Psychology, from Illinois State University in Bloomington, Illinois.

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HOW TO REPORT A COMPLAINT TO THE OIG

There are several ways to report fraud, waste, abuse or corruption to the OIG. Complaints may be submitted via a form online, e-mail, mail, or telephone.

Submit online at: www.oig.ga.gov

Email us at: inspector.general@oig.ga.gov

Write us at: Office of the State Inspector General
2 Martin Luther King, Jr. Drive SW
1102 West Tower
Atlanta, Georgia 30334

Call us at: 1-866-HELP-OIG or locally at 404-656-7924

HOW TO REQUEST ANTI-FRAUD TRAINING

As part of the Anti-Fraud Training Program, the OIG offers training at no cost to the requesting agency. Agencies interested in receiving anti-fraud training from the OIG can submit an information request online at the OIG website, www.oig.ga.gov. OIG staff will respond to requests as soon as possible to discuss training needs and answer any questions.