

Office of the
INSPECTOR GENERAL



Annual Report
Fiscal Years 2015 - 2016

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**FY 2015-2016 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 2015 through 2016 and outlines our goals and objectives moving forward.

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 increase the efficiency and effectiveness of their daily operations.

In addition to our successful investigative work, we have continued to expand our fraud awareness training program and educated 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 or 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 and 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.



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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 improvements agency policy 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.

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COMPLAINT REVIEW PROCESS

Matters alleging fraud, waste, abuse and corruption 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 in order 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.

Criminal Investigation – If there is reason to believe a violation of law has occurred, the OIG will conduct an investigation in conjunction with the State Attorney General’s Office or other federal, state, and local investigative agencies.

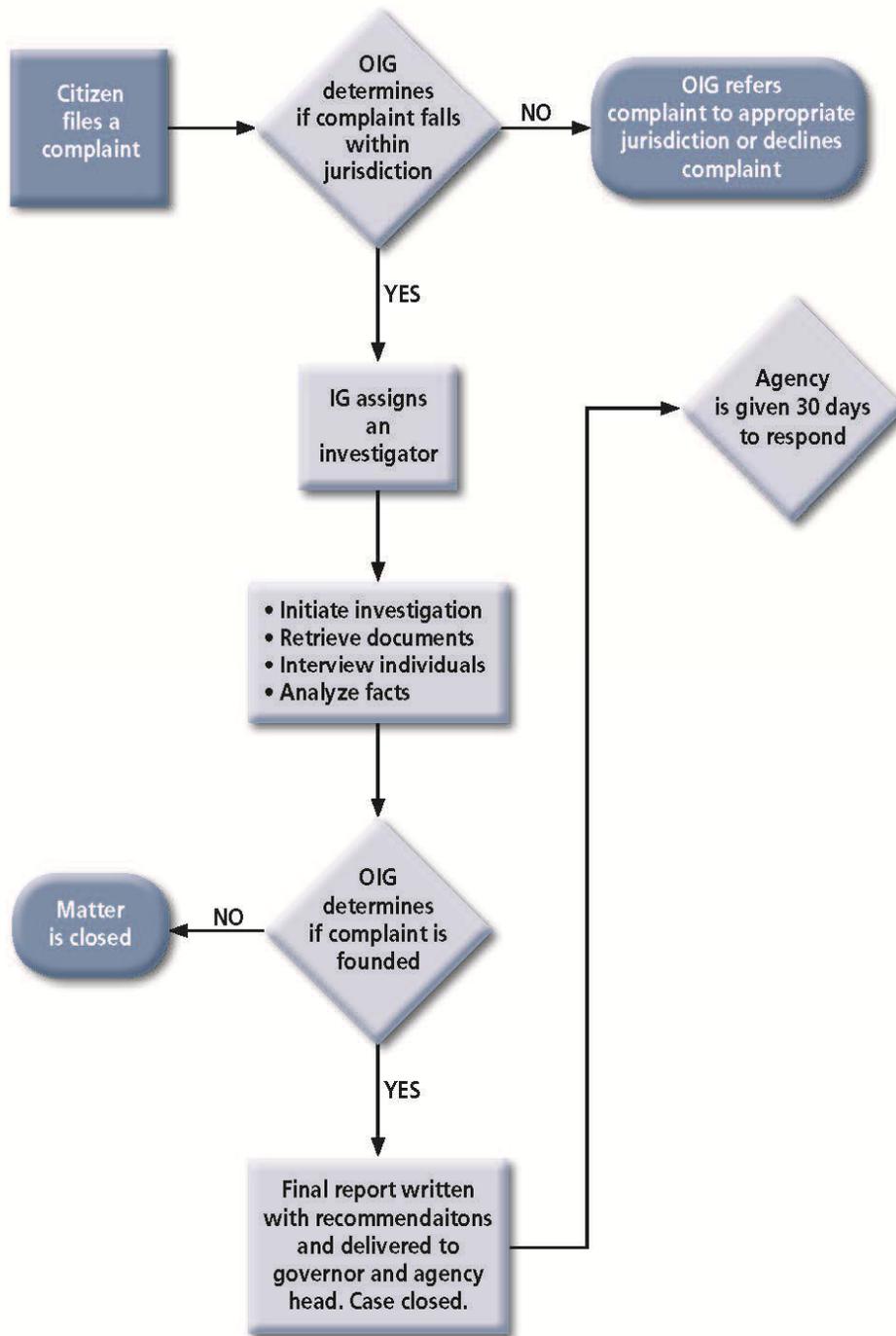
Close Case – If it is determined that there is insufficient evidence to support the complaint, the matter will be closed. The OIG has the authority to decline investigating a received complaint if it is determined that the complaint is frivolous, moot, insufficient for adequate investigation, or not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

WHAT HAPPENS TO A COMPLAINT?

Complaint Flow Chart



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 an act of intentional or reckless deceit to mislead or deceive.

Examples:

- Contract Fraud
- Grant Fraud
- Procurement Fraud, including Purchasing Card (Pcard) Fraud
- Benefit Fraud
- Theft of State Assets
- Resume Fraud

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

Corruption: Corruption is an intentional act of fraud, waste or abuse or the use of public office for personal, pecuniary gain for oneself or another.

Examples:

- Kickbacks/Bribery
- Bid Rigging
- Contract Steering

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Conflict of Interest: A conflict of interest is a situation in which a person is in a position to exploit their professional capacity in some way. It may occur when a person has competing professional obligations and private interests. A conflict of interest may exist even if no unethical or improper act results from it, as it may be evidenced by the appearance of impropriety.

Examples:

- Inappropriate Relationship with a Vendor
- Nepotism
- Accepting Significant Gifts
- Secondary Employment with a Vendor
- Biased Vendor Selection

INVESTIGATIVE ACTIVITY OVERVIEW

The OIG is charged with receiving, reporting and investigating allegations of fraud, waste, abuse and corruption within the Executive Branch of State Government. Over the course of fiscal years 2015 and 2016, the OIG has had the opportunity to lead and participate in a number of significant investigations. Many of those investigations have been conducted in coordination with other investigative agencies, including the Federal Bureau of Investigation (FBI), the Georgia Bureau of Investigation (GBI), Office of the Special Inspector General of the Troubled Asset Relief Program (SIGTARP), the Office of the State Attorney General, and several other federal and state law enforcement agencies in an effort to leverage resources.

By way of example, in 2012 the Georgia Department of Defense (GA DOD) reported to the OIG that a GA DOD employee had a conflict of interest with a couple vendors. The OIG quickly determined that the subject awarded multiple contracts under the \$5,000 bid threshold to vendor companies created by her friends and associates. In return, at least two of the companies paid the subject 50% of the contract value. The subject was engaged in several procurement fraud schemes, including the use of fictitious invoices, shell companies, inflated invoices, duplicate invoices, and product substitution involving several vendors owned by the subject's friends and associates. The OIG requested the assistance of the GBI and later the FBI for this investigation. In FY 2016, the investigation resulted with the subject, her friend, and her associate all pleading guilty and ordered to pay \$115,902, \$74,902, and \$78,640, respectively, in restitution to GA DOD. This investigation also led to uncovering a payroll and billing scheme victimizing a private company; the subject and her friend were also ordered to pay combined \$107,988 in restitution to the private company.

A citizen tipped the OIG that a Georgia Department of Education program provider may have engaged in fraudulent activities through her tutoring company. After a preliminary inquiry, the OIG initiated a joint criminal investigation with GBI and the United States

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Department of Education Office of Inspector General. The OIG determined that in 2010, a former reality television show star Domonique Scott submitted an application to the GaDOE to participate in a federal tutoring program for low income children. In her application, Scott falsified the financial assets and liabilities of her tutoring company and forged a letter from a fictitious financial institution representing a non-existent cash line of credit. Because of the fraudulent application, Scott's company was hired to tutor children in several counties. In FY 2016, Scott pled guilty to forgery and false statements, was ordered to pay \$230,953 restitution to GaDOE, and was sentenced to fifteen years of probation with one year served in confinement, commuted to time served upon completion of 180 days in a probation detention center.

In addition to the aforementioned case examples, the OIG's investigative efforts have resulted in a number of other arrests, indictments and criminal convictions. By uncovering acts of misappropriation by state employees and state contractors, the OIG estimates that its efforts have identified and referred for prosecution approximately \$10.5 million during this reporting period. The OIG has also assisted state agencies with prevention measures designed to mitigate future losses due to fraud.

See the next page 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.

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**OIG Return on Investment: Statistical Glimpse
Fiscal Years (FY) 2015 – 2016**

Description	FY 2014	FY 2015	FY 2016
Number of complaints received	127	109	204
Number of cases closed	119	104	218
Number of cases concluded with action ¹	2	11	14
Value of fraud referred for prosecution	\$6,246,393	\$484,344	\$10,020,844
OIG's Annual Budget	\$565,991	\$652,762	\$670,679
OIG Return on Investment (ROI) ²	1,004%	-25.8% ³	1,394%
Number of OIG staff	5	5	5
OIG turnover rate ⁴	27%	0%	41% ⁵
Number of outreach and training events	5	8	18

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 During FY 2015, several investigations were ongoing for more than a year; therefore, the relative values of FY 2015 work product were realized in later fiscal years. Significant resources are also required to train new investigators.

⁴ Number of Separations / Average Number of Employees

⁵ Due to a senior staff member hired by the FBI and a staff member moved out of state

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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.

ACHIEVED INITIATIVES

From Fiscal Years 2015 through 2016, the OIG has achieved the following initiatives in order to effectively and efficiently prevent, detect, and respond to fraud, waste, abuse and corruption.

Expanded the OIG Anti-Fraud Training Program: The objective of the Anti-Fraud Training Program, formerly called the Fraud Awareness Training Program, is to promote the detection and deterrence of fraud in the State. Based on the increased interest expressed by the state agencies, the OIG expanded its basic fraud awareness training program, customized to each agency's needs. In addition to giving an overview of fraud and emphasizing the detection and prevention of fraud, waste, abuse and corruption, the program expanded to include other anti-fraud topics of interest as well. Since 2015, the OIG has educated thousands of state employees from a variety of state agencies.

Acquisition of Additional Resources: The OIG recognized the value of leveraging technological resources into its investigations. Since 2015, the OIG went live for the office's internal case management system, which has the ability to generate data reports. The OIG also gained access to additional database tools, which greatly improve the efficiency and effectiveness of its investigations.

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Strengthened a Network of Agency Contacts: The OIG actively works towards improving coordination, communication, and information sharing with the Executive Branch state agencies, citizens, and the inspector general community to enhance OIG efforts. The OIG developed a core network of key agency contacts in order to promote quality complaint reporting and leverage resources for investigations. For example, because of networking efforts, the OIG had learned of additional investigative resources to be utilized in the next fiscal year.

Staff Training: Crucial to the investigation is a comprehensive understanding of investigative techniques, laws, procedures, and policies that apply to criminal and administrative investigations. OIG investigators have attended the following types of training and professional education during FY 2015 through FY 2016.

- Federal Law Enforcement Training Center (FLETC):
 - Economic Crimes Investigation and Analysis Program
- Council of the Inspectors General on Integrity and Efficiency (CIGIE):
 - Essentials of Inspector General Investigations
 - Contract and Grant Fraud Training Program
 - Public Corruption Investigations Training Program
- Association of Certified Fraud Examiners (ACFE)
 - Detecting Fraud Through Vendor Audits
 - Investigating on the Internet: Research Tools for Fraud Examiners
 - Georgia Chapter ACFE Conferences
 - Continuing Professional Education Webinars
- IDEA User Training and the Annual Conference
- Georgia Southern University's Forensic Fraud and Accounting Seminar
- Wicklander-Zulawski & Associates Interview and Interrogation Techniques course
- Statement Analysis Training Instructed by Mark McClish
- Atlanta HIDTA Video Surveillance Training
- PKM Fraud and Forensic Accounting Education Conference

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MOVING FORWARD

- The OIG will continue the detection and prevention of fraud, waste, abuse and corruption in Georgia's Executive Branch state agencies.
- To increase fraud prevention measures across state government, the OIG will continue its Anti-Fraud Training Program and will develop additional training programs as needed.
- The OIG will continue working towards improving coordination, communication, and information sharing with Executive Branch agencies, citizens, and the inspector general community to enhance OIG efforts.
- The OIG will continue to leverage technological advancements by using data analytics to search for fraudulent activity within state government.
- The OIG will continue to vigilantly monitor trends in fraudulent activity across state government to assist agencies in mitigating its risks in specific areas of concern.

ABOUT THE STAFF

Deborah Wallace, CIG, CFE - Inspector General

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 Inspectors General 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 five 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. She earned her Bachelors in Management Science from Chaminade University and her Master's degree in Education Administration from Troy State University. Ms. Wallace is also a graduate of the

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Federal Law Enforcement Training Center (FLETC), the Tennessee Bureau of Investigations' Special Agent Training, and both Tennessee and Georgia State Government Executive Leadership Programs.

Cameron Rabbitt - Deputy Inspector General

Mr. Rabbitt has years of investigative and management experience. Mr. Rabbitt, who is Georgia POST certified, successfully investigated a wide variety of crimes, including Medicaid fraud, property crimes, and crimes against persons. He also trained numerous investigators and State employees in fraud prevention and detection.

Prior to accepting his position as a Deputy Inspector General, Mr. Rabbitt worked as the Chief Investigator for the Medicaid Fraud Control Unit under the Georgia Department of Law. As Chief Investigator, he led investigations while supervising twelve investigators. He previously served as a law enforcement officer for the City of Atlanta Police Department. He also served as a detective for the City of Olympia Police Department in the State of Washington.

Mr. Rabbitt received advanced training in interviews and interrogations, and a variety of other topics related to the anti-fraud profession, criminal procedure, and public safety. He earned his Bachelor's degree in Criminal Justice from Georgia State University in addition to continuing education in management courses.

Liana Rummel, CPA, CFE - Investigator

Ms. Rummel is a Georgia Southern University graduate who holds a Master of Accounting degree with a Forensic Accounting Concentration. While earning her Bachelor's degree in Business Administration in Accounting, she minored in fraud examination. Ms. Rummel joined the OIG in 2012 and is a Certified Public Accountant (CPA) and a Certified Fraud Examiner (CFE). Ms. Rummel also received advanced training in criminal and administrative investigations, financial forensic techniques, interviews and interrogations, public corruption, and data analysis techniques.

As a Global Internal Audit Services Intern with the Corporate Home Office of Wal-Mart Stores, Inc., Ms. Rummel performed risk assessments and conducted audit testing and documentation. As an anti-fraud professional, she has conducted extensive interviews, researched proposed company policy, and presented recommendations to high level executives.

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Austin Mayberry, CPA, CFE - Investigator

Mr. Mayberry is a Certified Public Accountant (CPA) and a Certified Fraud Examiner (CFE). Prior to accepting his position as an Investigator in March 2014, he worked as a member of the National Financial Services Group for BKD, LLP, a national accounting firm, in Cincinnati, Ohio. Mr. Mayberry specialized in external audit, internal audit outsourcing and co-sourcing, 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 received advanced training in criminal and administrative investigations, fraud examinations, interviews and interrogations, contract and grant fraud examinations, and public corruption. Mr. Mayberry earned both his Bachelors of Science in Business majoring in Accounting and his Masters of Accounting degrees from Miami University in Oxford, Ohio, where he minored in business legal studies.

Misti Williams, CFE - Investigator

Ms. Williams is a Certified Fraud Examiner (CFE) with over ten years of investigative experience. Prior to accepting her position as an Investigator in February 2016, she served as an Investigator for the State of Georgia Department of Public Health Office of Inspector General. In her role, she investigated employee misconduct and conducted background investigations on numerous internal applicants.

Ms. Williams also served eight years as a law enforcement officer at the Houston County Sheriff's Office in Dothan, Alabama. As an officer, she patrolled the streets, investigated crimes, and conducted interviews with suspects, witnesses, and informants. She also participated in undercover operations, which involved coordinating with other federal, state, and local agencies.

Ms. Williams earned a Master of Science in Organizational Leadership degree from Columbia Southern University and a Bachelor of Science in Criminal Justice degree from Troy University. She also received advanced training in fraud examinations, computer forensics, interviews and interrogations, intelligence collection, and safety.

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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, fax, 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

Fax us at: 404-657-9716

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.