Florida Department of
TRANSPORTATION

Contract Crime and Employee Misconduct Awareness

Presented by: Office of the Inspector General

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Overview

FDOT Policies

Integrity In Government (001-450-003)

- Protect public funds and property from fraud or other criminality acts
- Report suspected wrongdoing to manager/supervisor or the OIG directly
- Managers/supervisors report suspected wrongdoing to the OIG
- OIG will promptly assess complaints and investigate
- Employees will cooperate
- OIG reports suspect criminal violations to law enforcement partners
- Retaliation for reporting is prohibited

Overview

- Our Office - Authority
- The Basics; Fraud and Integrity
- The Rules
- Examples
- Why Be Concerned
- What You Can Do

The Office of Inspector General

Section 20.055, Florida Statues

- Every State Agency will have an OIG

Purpose

- Promote accountability, integrity, and efficiency in government.

Accreditation

- Adds value, credibility, and accountability

Activities

- Investigations
- Audits

Accreditation

Why Accreditation?

- Establishes and maintains standards that represents current professional investigative practices
- Increases effectiveness and efficiency in the delivery of investigative services

Adds value, credibility, and accountability

The Investigations Section

Mission Statement

- To deter, detect and investigate crime or misconduct impacting the department.

What we investigate

- Contract issues which may give rise to criminal acts of fraud.
- Serious Employee Misconduct

The Audit Section

Mission Statement

- Promote integrity, accountability and process improvement by providing objective, timely, and value-added services.

The Audit Sections

- **Contract Audit -** contracts and agreements between the department and external partners.
- **Intermodal Audit -** determines the costs allowability associated with various activities including direct rates, in-direct rates, and Uniform Grant Guidance
- **Performance and IT Audit -** reviews organizational unit's compliance with Statutes, Rules, and Regulations

The Audit Section

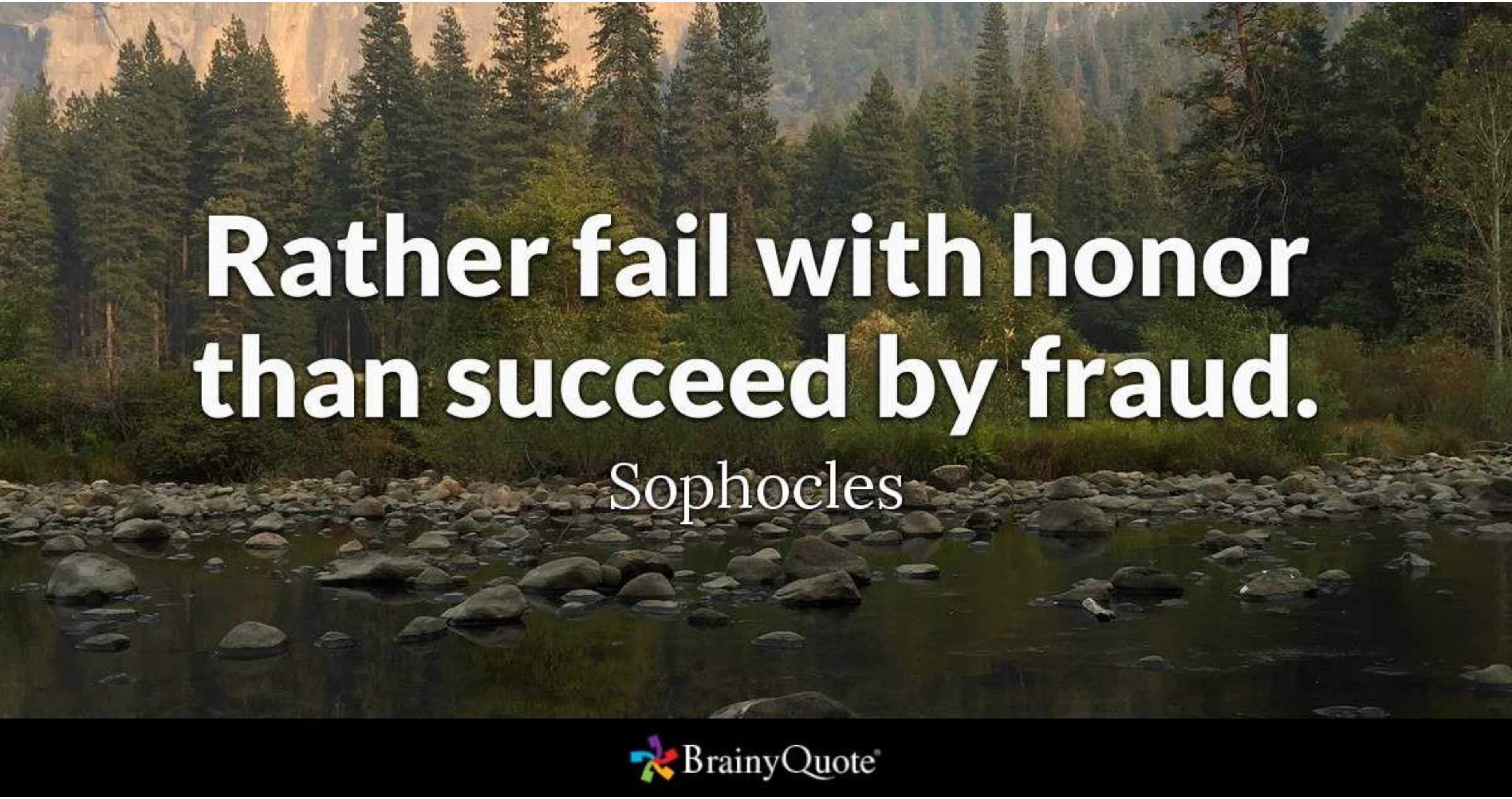
Annual Audit Plan

- Risk Assessment Projects
- Management Requests
- Chief Inspector General Requests
- External Audits

Fraud is…


A deceitful practice
Always intentional
FRAUD
Results in an injury
Always includes a lie

Quote:



Rather fail with honor than succeed by fraud.
Sophocles
BrainyQuote

Myth Buster

Rita Crundwell embezzled **$53 million** from Dixon, IL

Embezzled city funds for over 20 years

Resulted in a six-month long investigation

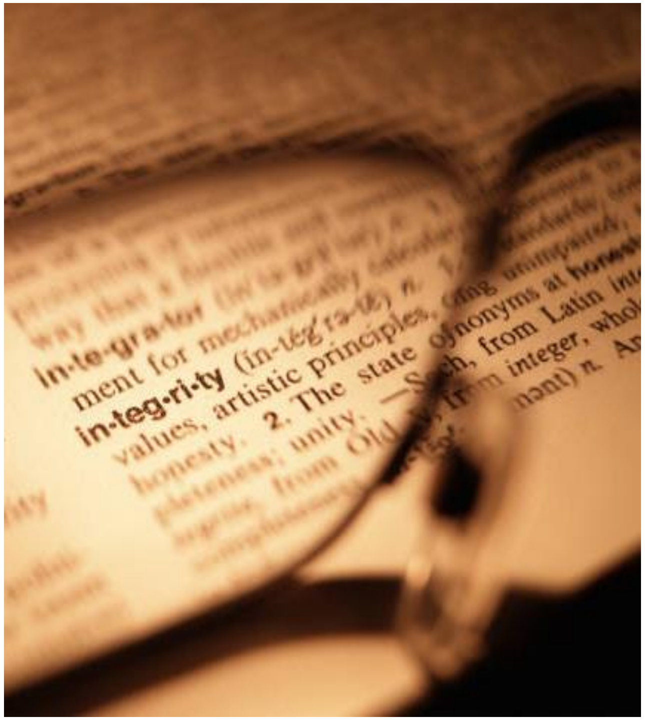
Rita's assistant discovered the fraudulent accounts

Indicted for wire fraud

It all starts with Integrity

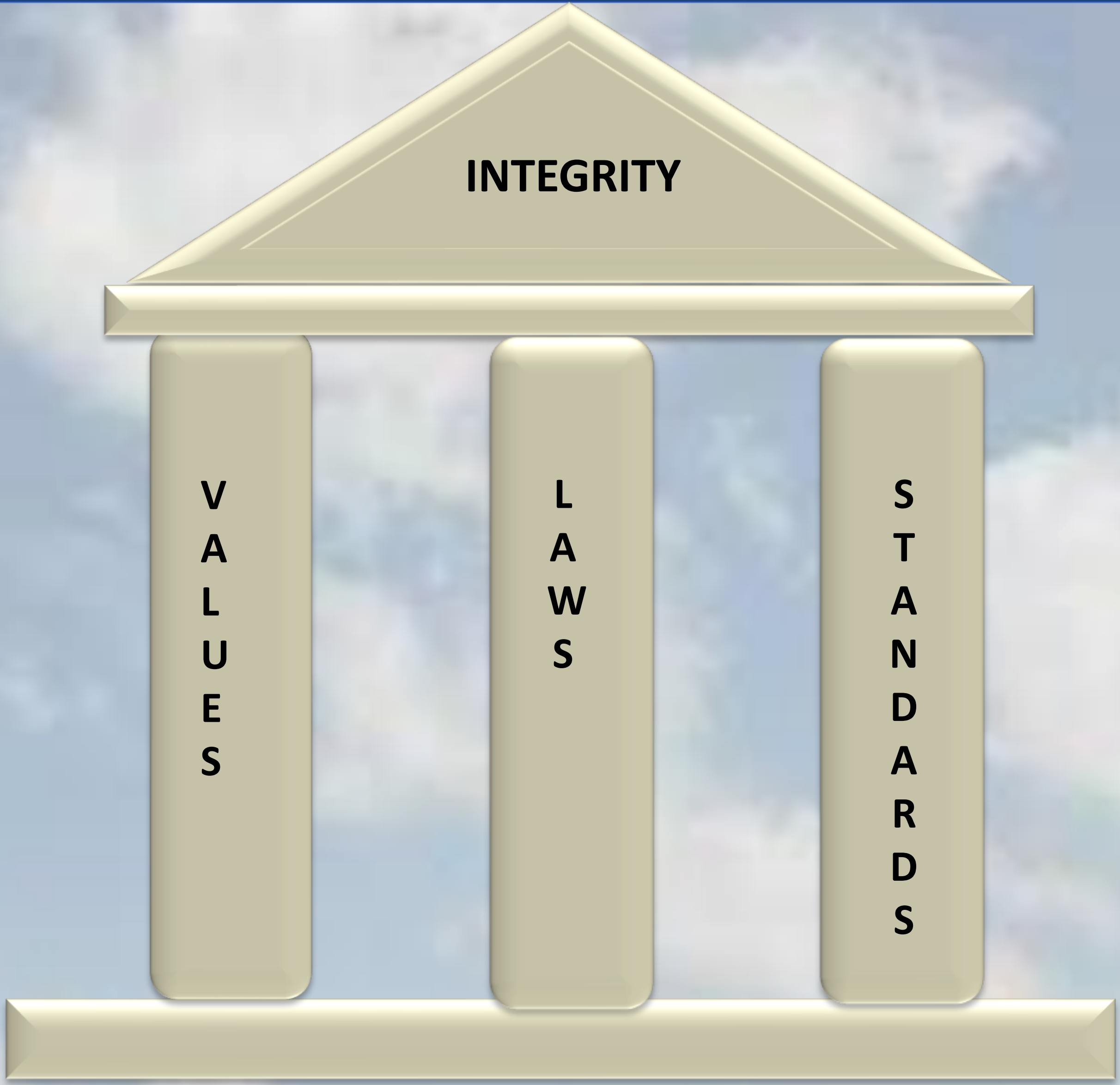
Integrity is…..

Choosing right over wrong,
ethics over convenience,
and truth over popularity…
these are choices that
measure your life.



There is never a wrong time to do the right thing

Acting with Integrity



Values

- Examples of Values:

  Fairness

  Honesty

  Responsibility

  Respect

  Compassion

Application should be in all areas of life: personal, family, work, social, etc.

Values

- Values are principles that may be derived from:

  Religious beliefs

  Philosophical understandings

  Family background

  Life experiences

Acting with Integrity

INDIVIDUAL VALUES INFLUENCE BEHAVIOR

LEGAL REQUIREMENTS

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FDOT Policies

Cooperation with Official Agency Investigations (001-450-002)

- Place the interests of the public ahead of personal interests and to maintain high standards of honesty, integrity, and impartiality
- Cooperate with investigators from the OIG and EOO
- Assist with providing documents under your control

FDOT Policies

Ethics (001-010-020)

- No employee may accept a benefit of any sort when it could *reasonably* be inferred that the benefit was intended to influence a pending or future decision of the employee, or to reward the employee's past decision.
- Employees should also avoid any conduct (whether in the context of business, financial, or social relationships) that might undermine the public trust, regardless of whether that conduct is unethical or lends itself to the *appearance* of unethical behavior.

FDOT Policies

Ethics (001-010-020) Gifts (regardless of value)

- Gifts received from family or personal friends in the ordinary course of friendship (including but not limited to birthday and/or anniversary gifts and gifts of hospitality), can be accepted, provided that any such friend is not a:
  - Lobbyist
  - Partner, member, employer, employee or principal of a lobbyist
  - Person having a special monetary interest (individually or through an entity) in a matter pending before the Department; or
  - Person who (individually or through an entity) provides goods or services to the Department under a contract or an agreement; or
  - Person who (individually or through an entity) is seeking business from the Department.

FDOT Policies

Ethics (001-010-020) Gifts (regardless of value)

- Gifts include, but are not limited to:
  - Money
  - Food or Beverage
  - Flowers
  - Event Tickets
  - Loans
  - Promise of Future Employment
  - Services

NO FREE MEALS

- It is not considered a gift or expenditure if the employee fully reimburses the other person or entity for the cost of the item.
- Generally, full reimbursement is considered to be the cost of the item to the person providing it.

The Whistle-blower's Act

Executive Office of the Governor, Office of the Chief Inspector General (September 2020). The *Whistle-blower's Act* [Brochure].

The Whistle-blower's Act

- State employees who blow the whistle on fraud and abuse within state government are protected by law. (Florida Statutes (F.S.) Sections 112.3187--112.31895)
- When your information meets whistleblower status, state law enables you to keep your identity confidential, unless disclosure is necessary

Executive Office of the Governor, Office of the Chief Inspector General (September 2020). The *Whistle-blower's Act* [Brochure].

The Whistle-blower's Act

The purpose of this Act is to:

1. prevent agencies or independent contractors from taking retaliatory action against an employee who discloses information alleging improper use of governmental office, gross waste of funds, or any other abuse or gross neglect of duty on the part of an agency, public officer, or employee
2. prevent agencies or independent contractors from taking retaliatory action against an employee who reports agency violations of law that create a substantial and specific danger to the public's health, safety, or welfare.

Executive Office of the Governor, Office of the Chief Inspector General (September 2020). The *Whistle-blower's Act* [Brochure].

The Whistle-blower's Act

Who can report?

- State employees, former employees, and applicants of agencies or independent contractors

What can be reported?

- Violations of law that present a clear and present danger to the public's health, safety, or welfare
- Gross mismanagement
- Gross waste of funds
- Gross neglect of duty

Executive Office of the Governor, Office of the Chief Inspector General (September 2020). The *Whistle-blower's Act* [Brochure].

OIG Case Examples

- Acceptance of Gifts
- Acceptance of Meals & Favoritism
- Bid Rigging
- Preferential Treatment
- Grand Theft & Filing False Documents

Acceptance of Gifts

FDOT District-level program manager was accepting gifts from consultants who he supervised (Meals, drinks, tickets to sporting events). He subjected Professional Engineer Trainee into these unacceptable practices.

Acceptance of Gifts

Results:

- Manager (23 year FDOT employee) resigned in lieu of termination.
- The Professional Engineer Trainee was reprimanded and reassigned within the district.

Acceptance of Meals & Favoritism

An anonymous complainant alleged a District Administrator was provided free meals by Consultants/Dept. Staff, and in return, the District Administrator would reward the Consultants/Dept. Staff with favoritism and financial benefits.

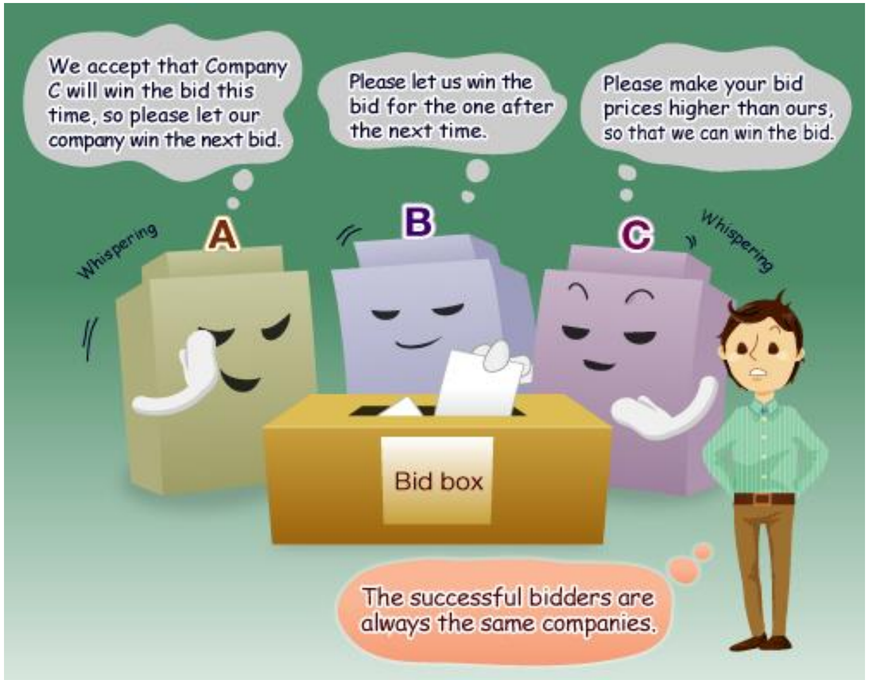
Acceptance of Meals & Favoritism

Results:

- Dept employee was out on approved leave during the time she was working from home that was coordinated through Human Resources; no indication she received preferential treatment
- Through testimonies, it was proven that the Administrator accepted meals paid for by Consultant. There was no physical evidence that showed the Administrator repaid at “the same time the item was received” as required by Department policy

Bid Rigging

Field Administrator notified his friend of the lowest competing bid and the friend submitted another, lower bid. Being the lowest bid, the friend's company won the contract.



Bid Rigging

Results:

- The Field Administrator admitted to soliciting a second bid from friend.
- He was notified of the Department's intent to dismiss.
- He resigned in lieu of termination.

Preferential Treatment

A FDOT District Manager provided preferential treatment to a Consulting Firm by directing contracts to the Firm while employed at the Department prior to working for the Firm.

Preferential Treatment

Results:

- All TRC members interviewed, stated District Manager was not involved in the contracts since retiring and reported no issue to suggest any attempt of influencing towards the Consulting Firm by District Manager during FDOT employment
- District Manager was never able to make decisions as to which contracts were awarded concerning the Consulting Firm

Grand Theft & Filing False Documents

A **Contractor** double billed for work performed, failed to complete work billed, and did not comply with Standard Spec. A Department **Inspector** failed to inspect the work, routinely “looked the other way”, and processed fraudulent invoices.

Grand Theft & Filing False Documents

Results:

- State Attorney's Office accepted for criminal prosecution.
- Employee resigned in lieu of termination.
- Contractor arrested, charged with two felonies.
- Employee arrested, charged with four felonies.

Grand Theft & Filing False Documents

Results:

- The Employee was found guilty of criminal use of a public record and was ordered to pay $50,000 restitution to FDOT.

- The Contractor pled guilty to Grand Theft, scheme to defraud, a 2nd degree felony and was sentenced 48 months in prison, followed by 11 years' probation and ordered to reimburse the state for investigative costs.

Where's the Risk?

6% of an organizations assets are lost to fraud[1]

What does that mean for FDOT?

- FDOT budget = $10 billion
- How much … se?

$600 million!

1 Association of Certified Fraud Examiners

Steps you can take….

Increase your awareness

Protect your credibility

Act when appropriate

AND

IF YOU SEE something SAY something

Ways to Report Concerns

- Telephone (Hotline) 1-800-255-8099
- Mail
- In Person
- Email
- Web Page
- Referrals