



# Office of the Inspector General Commonwealth of Massachusetts

**Glenn A. Cunha**  
Inspector General

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## 2016 Annual Report

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## *Executive Summary*

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The Office of the Inspector General for the Commonwealth of Massachusetts (“Office”) is an independent agency charged with preventing and detecting fraud, waste and abuse in the use of public funds and public property. The Legislature created the Office in 1981 at the recommendation of the Special Commission on State and County Buildings, a legislative commission that spent two years probing corruption in the construction of public buildings in Massachusetts. It was the first state inspector general’s office in the country.

In keeping with its broad statutory mandate, the Office investigates allegations of fraud, waste and abuse at all levels of government; reviews programs and practices in state and local agencies to identify system-wide vulnerabilities and opportunities for improvement; and assists the public and private sectors to help prevent fraud, waste and abuse in government spending. In addition, the Office provides guidance to local government officials on issues that arise under the Uniform Procurement Act, M.G.L. c. 30B, which governs the purchase and disposition of supplies, services, equipment and real property by municipalities and other public entities. The Office also educates public and private employees through its Massachusetts Certified Public Purchasing Official (“MCPPO”) training program.

Each year, the Office receives numerous complaints alleging misconduct in the use of local, state and federal funds and property. The Office evaluates each complaint to determine whether it falls within the Office’s jurisdiction and whether it warrants action. Some complaints lead to extensive investigations, some are referred to other agencies and others are closed if a preliminary inquiry fails to substantiate the allegations.

When conducting an investigation or review, the Office has the authority to subpoena records, interview witnesses and take testimony under oath. At the completion of an investigation, review or other project, the Office may issue a letter or report detailing findings and outlining recommendations to prevent future fraud, waste and abuse. In some instances, the Office will offer training, policy guidance or technical assistance. In other cases, the Office may require the agency, city or town to submit a corrective action plan detailing the measures it will take to address the problems identified during the Office’s investigation.

Further, the Office reports suspected criminal activity to the appropriate authorities, including the Massachusetts Attorney General’s Office and the U.S. Attorney’s Office. In addition, the Inspector General meets regularly with the Inspector General Council to discuss the Office’s activities.

In 2016, the Office responded to over 775 complaints and conducted investigations and reviews in such areas as education, healthcare, energy, public benefits, public construction, public works, social services and transportation. The Office’s work led to state and federal criminal convictions, legislative initiatives, and reforms and policy changes at the state and local levels. The Office’s efforts also resulted in recoveries and the imposition of fines totaling more than \$6.5 million. In addition, the Office identified nearly \$1 million in lost toll revenue and an estimated \$1 million in state-funded contracts with municipalities to provide emergency services to individuals and businesses on the Massachusetts Turnpike (“Turnpike”).

Looking more closely at specific divisions within the Office, the Audit, Oversight and Investigations Division worked on numerous criminal and civil matters that led to convictions, indictments, fines, settlements, restitution and corrective measures. These matters included the review of a municipal light plant's practices for accruing and paying out unused leave time, leading to a cost-savings of nearly \$500,000; the payment of over \$420,000 by two vendors to settle allegations that they submitted false claims on a transportation project; the convictions of two former water district employees for stealing nearly \$200,000 from the district; and a \$5.5 million settlement to resolve allegations that an engineering firm failed to properly oversee construction of a city's water and sewer systems.

In addition, the Bureau of Program Integrity continued to work with the Department of Transitional Assistance on developing a fraud detection program and improving the administration of the Transitional Aid to Families with Dependent Children program. The Bureau also expanded its work with the Department of Developmental Services ("DDS"); it provided fraud- awareness training to DDS's senior staff and approximately 70 field staff, and it collaborated on financial-abuse training for the department's investigators. The Bureau also initiated a review of internal controls within the Self-Determination program as well as the Commonwealth Community Services program.

The Office's Internal Special Audit Unit investigated the Massachusetts Department of Transportation's ("MassDOT") practice of allowing certain individuals and organizations to travel on the Turnpike without paying tolls. The investigation found that between November 1, 2009 and August 31, 2015, MassDOT forfeited over \$985,000 in toll revenue by allowing these individuals and organizations to travel on the Turnpike for free. The Unit also reviewed MassDOT's emergency-services contracts with 19 cities and towns along the Turnpike. The municipalities provide ambulance response, fire, rescue and hazmat<sup>1</sup> services to motorists on the Turnpike or to individuals and businesses at service plazas. The Unit's investigation revealed that since 2010, MassDOT has paid over \$600,000 under these contracts. The Unit estimates that the total cost could reach over \$1 million by 2020, when the current contracts expire. The Unit also performed a follow-up review of disabled persons' parking placards ("placard"), uncovering a flaw in the RMV's placard application, gaps in the state's placard laws and drivers using placards that did not belong to them in order to park in Boston for free. Finally, the Unit conducted a limited review of the MBTA's decision to amend a contract with a billboard vendor; the Unit concluded that the MBTA was not required to re-bid the contract.

The Office's Policy and Government Division initiated healthcare reviews of the Massachusetts Medicaid and Health Safety Net programs. In one review, the Office examined 12 programs from across the country that have implemented an array of interventions to address substance use disorder. The goal of the Division's review was to identify promising practices that Massachusetts might replicate and that could lead to public healthcare cost-savings. The Division also issued several other healthcare reviews. One of these reviews pertained to individuals who use a large amount of resources from the Medicaid and Health Safety Net programs; another examined how the Medicaid and Health Safety Net programs address certain drugs that have a high potential for abuse. The Division also reviewed demographic information in the MassHealth eligibility system and identified the presence of facially invalid social security numbers; numerous instances

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<sup>1</sup> "Hazmat" refers to hazardous materials.



in which the same social security number was assigned to multiple people; and payments for claims after people's reported dates of death. The Division also issued an advisory regarding the use of energy brokers by municipalities. Finally, the Division continued to participate in the development of policies and procedures related to the Commonwealth's public design and construction laws, reviewed public land transactions, and provided input on over 100 pieces of legislation.

Also during 2016, the Regulatory and Compliance Division provided technical assistance to state and local government officials regarding Massachusetts' public procurement laws, trained over 1,600 participants in procurement law and related issues through its MCPPO training program, and responded to approximately 1,500 inquiries about public bidding laws. Because education is vital to preventing fraud, waste and abuse, the Division also expanded its training program by adding new classes, establishing additional videoconference locations, offering more on-site classes across the state, and providing specialized training concerning the *Act Modernizing Municipal Finance and Government*, which went into effect in 2016 and which amended certain bidding procedures for municipalities and other governmental entities.

Further details about the activities summarized above, as well as the results of additional investigations, reviews and other projects, are set forth in the rest of this report.

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## *Structure of the Office*

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The Office is organized into seven divisions: Administration and Finance; Audit, Oversight and Investigations; the Bureau of Program Integrity; the Internal Special Audit Unit; Legal; Policy and Government; and Regulatory and Compliance.

The **Administration and Finance Division** provides vital support to the entire Office by managing the Office's case management system, finances, human resources, information technology, operations and procurement.

The **Audit, Oversight and Investigations Division** ("AOI Division") investigates allegations of criminal and civil misconduct in the use of public funds. When an investigation reveals potential criminal conduct, the AOI Division often works closely with other law enforcement agencies – such as the FBI, the state police, federal inspectors general and local police departments – as well as with prosecutorial agencies, including the Massachusetts Attorney General's Office, the U.S. Attorney's Office and local district attorneys' offices. Further, the AOI Division works on matters involving potential civil actions either directly with the affected municipality or in conjunction with the Attorney General's Office. The AOI Division also alerts the State Ethics Commission to potential ethics violations, such as self-dealing and receiving unwarranted privileges. At any given time, the AOI Division may be investigating allegations of public corruption or other wrongdoing in a wide array of public sectors, such as education, energy, housing, public administration, public construction, public safety, public works, social services and transportation.

Additionally, the AOI Division highlights opportunities to prevent and detect fraud, waste and abuse by recommending legislative and regulatory changes to internal and financial controls in the expenditure of public funds. The AOI Division also issues public advisories and letters to help state and local governments reduce fraud, waste and abuse.

The **Bureau of Program Integrity** ("Bureau") focuses on public benefits programs administered by the Executive Office of Health and Human Services ("EOHHS"). In this role, the Bureau is responsible for preventing, detecting and correcting fraud, waste and abuse through oversight, as well as consultation and collaboration; reviewing eligibility intake procedures; assisting EOHHS agencies to develop new intake procedures and regulations; and coordinating data sharing among state agencies.

The **Internal Special Audit Unit** ("Unit") monitors the quality, efficiency and integrity of the Massachusetts Department of Transportation's ("MassDOT") operating and capital programs. As part of its statutory mandate, the Unit seeks to prevent, detect and correct fraud, waste and abuse in the expenditure of public and private transportation funds. The Unit is also responsible for examining and evaluating the adequacy and effectiveness of MassDOT's operations, including its governance, risk-management practices and internal processes.

The **Legal Division** provides essential legal advice to the Office and manages and directs legal strategy in all Office litigation. Attorneys in the Legal Division also represent the Office in state and federal court, lead and assist with investigations, analyze potential criminal acts and

civil causes of action stemming from investigations, teach procurement law to public officials and provide guidance on public procurement matters to state and local officials.

The **Policy and Government Division** (“P&G Division”) oversees the Office’s policy, healthcare and legislative initiatives. The P&G Division is responsible for carrying out the Legislature’s annual mandate for the Office to study and review the Massachusetts Medicaid and Health Safety Net programs. The P&G Division also reviews programs and practices in state and local agencies to identify system-wide vulnerabilities and opportunities for improvement.

In addition, the P&G Division helps develop policies and procedures related to the Commonwealth’s public design and construction laws. The P&G Division works with state agencies and authorities throughout the Commonwealth to establish best practices in public construction. Each year, the P&G Division reviews public design and construction projects, methods and practices, as well as a variety of public real property transactions, to ensure that the public’s interests are protected. Finally, during each legislative session, the P&G Division reviews and comments on numerous pieces of legislation, meets with and provides guidance to legislators and municipalities, and responds to requests from the Governor’s Office to review proposed legislation before it is signed into law.

The **Regulatory and Compliance Division** (“R&C Division”) manages the Office’s educational initiatives, including the Massachusetts Certified Public Purchasing Official (“MCPPO”) program, and provides guidance on public procurement matters to state and local officials. In Massachusetts, public purchasing officials are responsible for procuring the supplies, services and facilities required to provide public services and materials to their communities. These procurements involve considerable expenditures of public funds. As a result, it is vital that state and local officials understand the procurement process and comply with all applicable legal requirements.

To meet this vital need, the R & C Division provides training and professional development through the MCPPO program, publishes manuals and a quarterly *Procurement Bulletin* and offers a hotline to respond to inquiries and complaints concerning the public procurement of supplies, equipment, services and real estate. The R & C Division also provides extensive technical assistance to state and local government officials regarding the Commonwealth’s public procurement laws. The R & C Division interprets and formulates policies on the Uniform Procurement Act, M.G.L. c. 30B (“Chapter 30B”), which governs public purchasing by municipalities and other public entities. The R & C Division also provides speakers to address public procurement principles and fraud prevention for a variety of public and private entities. Finally, the R & C Division assists the Attorney General’s Office by reviewing municipal bylaws and charter amendments to ensure that they comply with Chapter 30B.

## ***The Recovery of Funds, Imposition of Fines and Identification of Potential Savings***

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Often, the Office's efforts result in agencies and municipalities recovering funds that properly belong to them. These recoveries may be in the form of settlements, negotiated agreements, court-ordered restitution or other court action. The Office also conducts reviews to identify potential cost savings for public entities. Moreover, the Office's referrals, reviews and investigations may lead to the imposition of fines or civil penalties against individuals or organizations. The Office's actions can also lead to the prevention of improper payments.

In 2016, the Office's investigations and reviews resulted in \$6,525,095.48 in recoveries, fines and cost savings. *See* Table 1 below. The Office also identified nearly \$1 million in lost toll revenue and an estimated \$1 million in state-funded contracts with municipalities to provide emergency services to individuals and businesses on the Turnpike. *See* Table 2 below. Further details of the cases represented in these tables appear throughout the rest of this report.

| <b>RECOVERIES, FINES AND COST SAVINGS</b>        |                                 |                          |
|--|---------------------------------|--------------------------|
| <b>Subject of Investigation or Review</b>        | <b>Type of Recovery or Fine</b> | <b>Dollar Amount</b>     |
| Plum Island Contractor                           | Settlement                      | \$5,500,000.00           |
| South Hadley Municipal Light Plant Manager       | Stopped Improper Payments       | \$499,969.48             |
| MBTA: Assembly Square Contractors                | Settlement                      | \$420,380.00             |
| Boston Fire Department District Chief            | Restitution                     | \$35,000.00              |
| Roxse Homes Employees                            | Asset Forfeiture<br>Restitution | \$18,300.00<br>\$2000.00 |
| Buzzards Bay Water District Employees            | Restitution                     | \$19,504.00              |
| Burlington Housing Authority Executive Director  | Restitution                     | \$17,822.00              |
| Boston Housing Authority Elder Services Director | Restitution                     | \$12,500.00              |
| <b>Total</b>                                     |                                 | <b>\$6,525,475.48</b>    |

**Table 1.**

| <b>TRANSPORTATION FUNDS</b>   |                           |                           |
|---|---------------------------|---------------------------|
| <b>Investigation</b>  |                           | <b>Cost to the Public</b> |
| MassDOT's Provision of Free Access to Massachusetts Toll Roads  |                           | \$985,942.00              |
| MassDOT Funds Used to Pay for Individuals' and Businesses' Emergency Services on the Massachusetts Turnpike | Paid to date              | \$634,460.00              |
|   | Estimated future payments | \$370,000.00              |
| <b>Total</b>  |                           | <b>\$1,990,402.00</b>     |

**Table 2.**

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## ***Audit, Oversight and Investigations Division***

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As previously discussed, the Audit, Oversight and Investigations Division (“Division”) investigates possible criminal and civil misconduct in the use of public funds and property, and recommends improvements to internal and financial controls to prevent fraud, waste and abuse in the use of government assets. In this role, the Division receives, reviews and processes all complaints addressed to the Office. In some instances, these complaints lead to comprehensive investigations, while in other instances the Division may forward the complaint to the appropriate oversight, regulatory or prosecutorial agency. The Division forwards complaints to other agencies if, for instance, a preliminary investigation reveals that the complaints are outside of the Office’s jurisdiction. In addition to complaints, the Division’s investigations arise from many other sources, including anonymous tips; information developed during the course of other reviews and activities; and requests for assistance from other investigative agencies, including local authorities, federal agencies, the state police and the Massachusetts Attorney General’s Office.

During the past year, the Division responded to over 775 complaints from public employees, private citizens, municipalities and other public and private entities. The Division also investigated and reviewed a wide range of alleged wrongdoing, including embezzlement, larceny, bribery, forgery, procurement fraud, time fraud, bid rigging, money laundering and receiving illegal gratuities. Additionally, the Division also investigated allegations that public funds were being wasted or misused in a number of ways, including as the result of mismanagement, the abuse of authority, poor internal controls, lack of oversight and improper procurement practices. Finally, the Division’s work crossed all areas of government, including elder services, electric light plants, housing, public administration, public education, public safety, public works and transportation.

Below is a representative sample of the Division’s work from 2016.

### **I. Transportation**

#### **A. Montachusett Regional Transit Authority: Executive Employee Collecting Pension While Working for Another Public Agency**

In June 2016, the Office issued a letter to the Massachusetts State Retirement Board (“Retirement Board”) regarding Mohammed Khan, the Administrator for the Montachusett Regional Transit Authority (“MART”). The letter examined whether Khan violated M.G.L. c. 32, § 91 (“Section 91”), which limits the number of hours and total earnings a retiree can receive from a public employer in Massachusetts while collecting a public pension.<sup>2</sup> The Division concluded that Khan had violated Section 91; it also found that Khan’s pension should be recalculated because it is based, in part, on income from an agency that did not contribute to the state retirement system.

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<sup>2</sup> Specifically, Section 91 prohibits a retiree who is collecting a public pension from working for a public employer for more than 960 hours in a calendar year. Section 91 also caps post-retirement earnings from a public employer using the following formula: the retiree’s public pension plus his new public salary cannot exceed the salary of the position he held when he retired plus \$15,000.

Between 1978 and 2003, Khan worked for both MART and the Montachusett Regional Planning Commission (“MRPC”); both are governmental agencies. In 2003, Khan retired from MRPC, began receiving a state pension and then went to work full-time at MART. The Division believes that Khan’s full-time employment at MART violates both the income and time caps in Section 91. Additionally, the Division obtained evidence indicating that Khan fully understood the ramifications of maintaining his position as MART’s Administrator while collecting a state pension.

Finally, the Division also concluded that Khan may have been receiving a larger pension than he is entitled to receive. When MRPC reported Khan’s three highest salaries to the Retirement Board, it included his income from both MRPC and MART. Only MRPC was a member of the state pension system, however. Further, the Division believes that even these income figures are overstated because Khan dedicated his time primarily to MART during his last few years at MRPC. Because of this, the allocation of the majority of his salary to MRPC is inaccurate. The Division therefore asked the Retirement Board to review Khan’s pension.

Khan is still serving as MART’s Administrator. The Retirement Board ruled that Khan had more than \$674,000 in overearnings from MART while collecting a pension as a retiree from MRPC. Khan appealed from this ruling. The Division of Administrative Law Appeals held a hearing on his appeal in September 2016. It has not yet released a decision.

**B. MassDOT: Procurement Management Team Violated Procurement Rules and Showed Favoritism Towards a Preferred Vendor**

The Division reviewed the Massachusetts Department of Transportation’s (“MassDOT”) procurement for towing services on the Massachusetts Turnpike. The Division found that MassDOT’s procurement management team (“PMT”) violated the agency’s procurement rules in several ways. The Division’s review also determined that MassDOT failed to administer the existing towing contract properly, resulting in lost revenue. MassDOT cancelled the procurement when the Division began its review and sought new bids in July 2016. The new procurement incorporated many of the Division’s recommendations.

The Division also found evidence of favoritism toward one company and bias against that company’s competitors. The Division made numerous recommendations, including that MassDOT: recoup all money the vendors owe under the existing contracts, improve its contract-compliance procedures, avoid specifications that favor one or more bidders, and ensure the agency evaluates all bidders using the same objective criteria.

**C. MBTA: Assembly Square Contractors Agree To \$420,380 Settlement**

After an investigation by the Division, the Massachusetts Attorney General’s Office filed a complaint under the Massachusetts False Claims Act against S&R Construction Enterprises and its subcontractor, A&S Electrical LLC. S&R Construction and A&S Electrical were involved in the construction of the Assembly Square Station on the Orange Line of the MBTA. The complaint alleged that the two contractors knowingly submitted to the MBTA false and inflated requests for payment reflecting that they had purchased construction materials in greater quantities or at higher



prices than they had actually purchased, and that they did so in order to receive larger payments than they were entitled to at the time under their contract.

S&R Construction Enterprises and A&S Electrical agreed to pay \$420,380 to resolve the lawsuit. As a result of the settlement, S&R Construction and A&S Electrical also are barred from bidding on and accepting new public contracts in Massachusetts for five years and one year, respectively.

#### **D. MBTA: Procurement Official and Contractor Indicted for Procurement Fraud**

After an investigation by the Division and the Massachusetts Attorney General's Office, a Suffolk County grand jury indicted Timothy Dockery, a buyer for the MBTA, and William Sheridan, a private contractor. The indictment alleges that Dockery engaged in several illegal schemes with vendors to defraud the MBTA and enrich himself. Sheridan is alleged to have participated in some of the procurement fraud schemes with Dockery. For instance, Dockery allegedly engaged in a larceny scheme with an MBTA vendor who submitted false invoices totaling about \$38,000 to the MBTA, and the pair split the proceeds. He is also alleged to have received illegal gratuities from three MBTA vendors, including over \$60,000 in cash gratuities; luxury box and high-end tickets to professional sporting events and concerts worth over \$23,000; and about \$8,000 worth of free meals and custom-printed items for Special Occasion Limousine and Coach, Inc., a company Dockery and his wife own. Dockery and Sheridan allegedly also falsified quotes on several MBTA procurements, creating the illusion that there had been competition on four MBTA contracts awarded to Sheridan.

The Attorney General Office's Criminal Bureau is prosecuting this case in Suffolk Superior Court. Dockery and Sheridan are presumed innocent until proven guilty.

## **II. Public Administration**

#### **A. Ashburnham: Former Library Director Indicted for Embezzlement**

Following a joint investigation by the Division and the Massachusetts State Police from the Worcester District Attorney's Office, a Worcester County grand jury indicted Cheryl Paul-Bradley on three counts of fraud or embezzlement by a city, town or county officer; two counts of forgery; and two counts of uttering. Paul-Bradley is the former director of the Stevens Memorial Library in Ashburnham.

According to the indictments, Paul-Bradley deliberately misdirected library monies into a bank account she concealed from the Ashburnham Library Board of Trustees (the "Board"), which oversees the Stevens Memorial Library. Unbeknownst to the Board, Paul-Bradley withdrew approximately \$53,500 in cash from the bank account between 2010 and 2014. When the Board discovered the hidden bank account, it hired an accounting firm to audit the library's finances. During the audit, Paul-Bradley produced nearly \$34,000 in cash, claiming it had been secured inside the library for years. However, the Division uncovered evidence that Paul-Bradley had withdrawn \$34,000 in cash from credit card advances and a home equity loan earlier that same morning.

The Worcester County District Attorney is prosecuting this case in Worcester Superior Court. Paul-Bradley is presumed innocent until proven guilty.

**B. Blandford: Former Tax Collector Indicted for Embezzlement, Larceny and Unwarranted Privilege**

A Hampden County grand jury indicted the former Blandford tax collector on December 30, 2016, charging her with stealing more than \$150,000 from the town over several years. LeeAnn Thompson faces one count of embezzlement by a public officer, one count of larceny over \$250 and one count of using an official position to secure an unwarranted privilege. The Division and the Massachusetts Attorney General's Office jointly investigated the case.

Thompson was Blandford's tax collector from 2002 to 2011. The indictment alleges that between 2006 and 2011, Thompson used several methods to steal money paid to the town and then concealed her improper actions. The indictment alleges, for example, that she received tax payments in cash and never deposited the funds into the town's bank account. Finally, the indictment also alleges that she used other taxpayers' funds and escrow checks to conceal the stolen money.

The Attorney General Office's Criminal Bureau is prosecuting this case in Hampden Superior Court. Thompson is presumed innocent until proven guilty.

**C. Boards of Health for Ashland, Sherborn and Norfolk: the Risks of Time Abuse Across Multiple Jurisdictions**

The Division reviewed possible time abuse by an employee of the Ashland Board of Health who, in addition to this full-time job, also held contracts with the boards of health in Sherborn and Norfolk and served in an elected position in the City of Marlborough. The Division received a complaint alleging that the employee performed work for Sherborn and Norfolk during his regular work hours for Ashland, thereby double billing for those overlapping hours. The complaint also alleged that employee may have overstated the hours he worked for Sherborn and that Sherborn's contractual relationship with the employee violated state laws.

The Office sent a letter to the three towns detailing the Division's findings that the employee had not disclosed in writing to Ashland his outside employment with Norfolk and Sherborn. The Division also identified timekeeping deficiencies, internal control weaknesses and other concerns related to the employee's work with the three towns. The Division recommended that officials in all three towns conduct an investigation to determine whether the employee billed for overlapping hours. The Division also recommended that the three towns' boards of selectmen and boards of health implement effective timekeeping practices to ensure that employees and contractors are paid accurately and to provide transparency and accountability with regard to public employees and contractors.

All three towns responded to the Office's letter. Ashland's town manager established a new policy requiring employees to obtain written pre-authorization for outside employment. He also stated that the town would implement additional timekeeping requirements. Sherborn's town manager reported that the town was implementing better timekeeping practices, including a log

book for employees who work in the field. Norfolk's town administrator reported that the employee would be required to record the times at which he started and completed each restaurant inspection.

#### **D. Massachusetts Bay Community College: Employees Misused Public Positions**

In 2016, the Division concluded an investigation in which it determined that two employees of Massachusetts Bay Community College ("MBCC") used their public positions for personal gain by operating a private business when they were being paid to work at MBCC. The two employees also used MBCC's vehicles, equipment, supplies, employees and other assets for that business. In addition, the Division identified management failures and inadequate controls in the MBCC's Facilities Department that allowed the two men to work on private landscaping contracts during their regular work hours and to use the school's employees and assets for their business.

The Division found evidence that John Virgilio, an institutional maintenance foreman, and his father Federico Virgilio, a maintenance employee, ran a private business – known as Virgilio's Landscaping – when they were being paid to work at MBCC. They performed landscaping, site preparation and other similar work for private clients using an MBCC dump truck and trailer. At times, John Virgilio directed a subordinate MBCC employee to work on these private jobs during that employee's regular work hours. The Division also found evidence that the Virgilios falsified time sheets and took other steps to avoid detection.

The investigation further revealed that the Facilities Department supervisor failed to adequately oversee department employees and property. This allowed the two men to misuse school property and receive overtime for hours they did not work. Evidence further indicated that John Virgilio ordered supplies using MBCC's credit accounts with businesses and then diverted those supplies to his private business. John Virgilio also sold or gave away MBCC's equipment without the school's knowledge or permission. A lack of supervisory oversight, internal controls and other safeguards allowed John Virgilio to divert supplies and dispose of MBCC's equipment.

The Office issued a letter detailing its findings and recommendations, and requesting that MBCC provide the Office with a corrective action plan. In response to the Office's letter, MBCC developed a detailed corrective action plan addressing the issues and concerns the Office identified during its investigation and took disciplinary action against the three employees resulting in their separation from the college. MBCC also reported that it asked the Norfolk County District Attorney's Office to file criminal charges against two of these employees and provided the Office's letter to the State Ethics Commission to determine whether any employees violated the state's conflict-of-interest law, M.G.L. c. 268A. In addition, MBCC conducted employee training and developed several policies and procedures to strengthen its internal controls. Some of the policy enhancements included the development of an equipment and resource usage policy, reissuance of its surplus property policy, updates to its overtime policy for the Facilities Department, and an update to the policy concerning the use of college vehicles and equipment. MBCC also changed its procedures for ordering, receiving and approving payments for supplies in order to create a clear segregation of duties.

### **III. Housing**

#### **A. Burlington Housing Authority: Former Executive Director Convicted for Unwarranted Privilege**

Following an investigation by the Division, a Middlesex County grand jury indicted Maureen Lynch, the former executive director of the Burlington Housing Authority (“BHA”), for using her agency’s credit card for personal expenditures.

The Division’s investigation found that Lynch, who had been the BHA’s executive director for 12 years, used the housing authority’s credit card primarily for her own personal purchases. The purchases included a \$1,000 truck rental to move her son to Florida, \$2,200 in charges at a Florida motorcycle shop, \$2,000 for a trip to Disney World, \$1,300 in airfare for her daughter’s honeymoon in Aruba, veterinary bills, dental expenses and \$5,000 in cash advances.

In January 2016, Lynch pleaded guilty to knowingly using her official position to obtain an unwarranted privilege and paid \$17,822 to the BHA’s credit card company. In February 2016, a Superior Court judge sentenced Lynch to 18 months of probation.

In July 2016, the Office issued a letter to the BHA with recommendations to improve its oversight and internal controls. The Office identified significant internal control and oversight deficiencies by the BHA’s Board of Commissioners concerning the use of its credit cards. These deficiencies enabled the former Executive Director to use the card for her personal purposes. The BHA agreed with the Office’s recommendations and revised its credit card policy.

#### **B. Roxse Homes Subsidized Housing Development: Two Former Employees Sentenced for Conspiracy and Accepting Cash Bribes**

Following an investigation by the Division, two employees of the subsidized housing development Roxse Homes – Ismael Morales and Mathis Lemons – pleaded guilty in federal court for conspiring to rent subsidized apartments to ineligible individuals in exchange for bribes.

The investigation uncovered evidence that Roxse Homes had a long waitlist of eligible applicants for subsidized apartments and had closed the waitlist in 2009. In 2014 and 2015, Morales, a maintenance technician, solicited cash payments from people who were not on the waitlist. In exchange, he provided those individuals with blank rental applications and instructed them to backdate the forms or to leave the documents undated. Lemons, an assistant property manager, then altered Roxse Homes’ computerized waitlist to include the people who paid the bribes, making it appear that they had applied for an apartment before the waitlist closed.

As a result of the investigation, Morales and Lemons were each indicted on one count of conspiracy and seven counts of corrupt receipt of payments by a federally funded organization. After the two pleaded guilty, on August 3, 2016, a federal judge sentenced Morales to two years in prison and two years of supervised release. Morales was also ordered to pay \$2,000 in restitution. On September 20, 2016, a federal judge sentenced Lemons to two years in prison and one year of supervised release in connection with the scheme. Lemons was also ordered to forfeit \$18,300 he received in bribes and pay a special assessment to the court of \$800.

The Division investigated the case along with the U.S. Department of Housing and Urban Development's Office of the Inspector General, the Boston Police Department's Regional Intelligence Center, and Homeland Security Investigations.

#### **IV. Public Works**

##### **A. Buzzards Bay Water District: Two Employees Convicted of Larceny**

Two former employees of the Buzzards Bay Water District ("District") pleaded guilty on October 28, 2016, to stealing nearly \$200,000 from the water district in a case that the Division investigated. The Division began its investigation in May 2015 after receiving a report of suspected embezzlement at the District. The Division found that Caitlin McGuire had abused her position as treasurer of the District to write \$198,000 in checks to herself and to District technician John Ethier in addition to their weekly paychecks. The two former employees used the money to purchase Percocet illegally.

McGuire and Ethier were each charged with one count of larceny over \$250. After they pleaded guilty, a state judge sentenced McGuire and Ethier to five years of probation and ordered each to pay \$9,752 in restitution to the District. The judge also ordered each defendant to undergo drug and alcohol testing and to not seek employment in a job with fiduciary responsibilities. The Division worked with the Massachusetts Attorney General's Office and the Massachusetts State Police on the prosecutions.

##### **B. Plum Island: Engineering Firm Agrees to \$5.5 Million Settlement**

CDM Smith, Inc., a Boston-based engineering firm, agreed to pay \$5.5 million to settle allegations that it failed to properly oversee construction of Plum Island's water and sewer systems. An initial investigation by the Division, following a 2011 water main break, revealed that the contractors did not wrap the ductile iron pipes at the site of the break in polyethylene and as a result the pipes were severely corroded. CDM wrote the technical specifications for the project, including a requirement that ductile iron pipe be wrapped in polyethylene to inhibit corrosion. CDM also acted as the on-site agent to ensure that the contractors responsible for building the project followed CDM's specifications.

The settlement, negotiated by the Massachusetts Attorney General's Office, includes \$5.3 million to be placed in a trust fund to help the City of Newburyport pay for the repair, modification and optimization of Plum Island's water and sewer systems.

#### **V. Public Safety**

##### **A. Boston Fire Department: District Chief Sentenced for Procurement Fraud and Larceny**

On February 9, 2016, a Suffolk County Superior Court jury convicted Edward A. Scigliano IV, a District Chief for the Boston Fire Department, of five counts of procurement fraud and five counts of larceny. Following a two-week trial, the jury found that Scigliano had directed two

separate schemes to enrich himself by diverting \$49,000 in funds that two Boston Fire Department vendors owed the city of Boston. The court sentenced Scigliano to three years of probation and 750 hours of community service. Scigliano also was ordered to pay \$35,000 in restitution to the city of Boston.

The Division, the Massachusetts State Police, the Boston Police Department's Anti-Corruption Division and the Massachusetts Attorney General's Financial Investigations Division conducted the investigation. That investigation found that between 2008 and 2011 Scigliano had personally profited from schemes involving two vendors. In one scheme, Scigliano used his position as the principal contact between the fire department and Greenwood Emergency Vehicles, Inc., a vendor of fire trucks. Scigliano told Greenwood to issue more than \$32,000 in checks to his personal credit cards. The \$32,000 came from credit balances the vendor owed to Boston relating to purchases of firefighting apparatus. Scigliano falsely represented that the Fire Commissioner had authorized the vendor to make the payments directly to him.

In the second scheme, Scigliano directed another Boston Fire Department vendor, Northeast Rescue Systems, Inc., to "swap" certain items out of purchase orders and replace them with items for Scigliano's personal use. The personal items, worth roughly \$17,000, included a 52-inch high-definition television, an elliptical exercise machine, a gas grill, a living room set and gift cards for two home improvement stores.

The Massachusetts Attorney General's Office prosecuted the case, with assistance from the Division.

## **VI. Electric Light Plants**

### **A. South Hadley Electric Light Department: Manager's Separation Payout Reduced**

After learning that a longtime manager claimed he was entitled to nearly \$500,000 for earned leave time, the Division, in collaboration with the Legal Division, reviewed the South Hadley Electric Light Department's ("SHELD") policies on the accrual of leave and compensation for unused leave upon separation from employment. Based on its review, the Division found that the manager's claim relied on a faulty reading of his contract and violated the terms of SHELD's personnel policies. The Division found that under SHELD's policies and his contract, SHELD owed the manager a maximum of \$15,149 for vacation time and that the manager was currently not entitled to any payout for sick time. After the Division notified SHELD of its findings, SHELD's governing board paid the manager approximately \$16,000 – instead of the nearly \$500,000 the manager had initially claimed. SHELD's governing board also recalculated the separation payouts for two other employees based on the Division's review. The board determined that the employees were entitled to \$47,353 less than originally calculated. To date, the Division's review has saved SHELD \$499,969.48.

## **VII. Elder Services**

### **A. Boston Housing Authority: Elder Services Director Sentenced for Larceny, Forgery and Uttering**

On November 2, 2016, Alfred G. Davis, the former director of elder services at the Boston Housing Authority (“BHA”), pleaded guilty to two counts of larceny over \$250, one count of forgery and one count of uttering. A District Court judge sentenced Davis to one year of probation and ordered him to pay \$12,500 in restitution: \$7,500 to the Robert Wood Johnson Foundation and \$5,000 to the Sunshine Lady Foundation.

In 2008, the Robert Wood Johnson Foundation named Davis a “Community Health Leader” and awarded him a grant of \$105,000 to help improve the health of Boston seniors living in public housing. The Foundation also provided Davis a \$20,000 stipend for his personal development as a community health leader. However, the investigation revealed that Davis, a 20-year employee of the BHA, never informed the housing agency of the grant funds provided to help its elderly residents. Davis used a portion of the funds to fulfill the grant’s intended purpose but he diverted \$20,000 for his own personal use, which included making a series of ATM withdrawals from the grant account totaling \$5,400 and receiving approximately \$9,900 directly from the foundation after submitting a forged invoice for a senior fitness program.

The investigation found evidence that Davis misused the philanthropic funds to pay for personal expenses, travel to Las Vegas, New Orleans and Barbados; a mattress; and collectible coins.

The case against Davis stemmed from a joint investigation by the Division, the Boston Police Department’s Anti-Corruption Division, and the U.S. Department of Housing and Urban Development’s Office of the Inspector General. The Suffolk County District Attorney’s Office prosecuted the case.

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## ***Bureau of Program Integrity***

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The Bureau of Program Integrity (“Bureau”) monitors the quality, efficiency and integrity of programs administered by the Executive Office of Health and Human Services (“EOHHS”). The Legislature created a unique model for the Bureau to prevent and detect fraud, waste and abuse through oversight as well as consultation and collaboration with EOHHS agencies. The Bureau also assists with responding to complaints from the Office’s hotlines that relate to EOHHS agencies. In addition, in accordance with specific mandates, the Bureau:

- Reviews intake and eligibility processes for benefits programs.
- Consults with the Department of Transitional Assistance (“DTA”) on a fraud detection program.
- Serves as the designee on the Self-Determination Advisory Board (“Board”) for the Department of Developmental Services (“DDS”) to help “implement, publicize, evaluate, improve and develop information regarding self-determination.” M.G.L. c. 19B, § 1(c).

To fulfill its statutory mandates, the Bureau conducts investigations, performance audits and reviews to identify fraud risks and business risks. The Bureau provides EOHHS agencies with recommendations to address these risks in advisory letters and public reports. In 2016, the Bureau worked primarily with DTA and DDS on several different projects.

### **I. Department of Transitional Assistance**

#### **A. Evaluation of DTA’s Administration of the Transitional Aid to Families with Dependent Children (“TAFDC”) Program**

In June 2016, DTA implemented provisions of the 2014 Welfare Reform Statute, including the “Pathways to Self-Sufficiency” program as well as new processes for evaluating the eligibility and assessing the employability of TAFDC recipients. TAFDC recipients must have dependent children and meet income and asset limits to be eligible for benefits. In addition, to keep their benefits some recipients must fulfill a work program requirement by working or participating in work-related activities. Other recipients qualify for exemptions from the work program requirement based on having a disability or a child under two years old. In November 2016, the Office published a report, *The Bureau of Program Integrity’s Update on the Work Program Requirement for Transitional Aid to Families with Dependent Children*. DTA worked collaboratively with the Bureau as the Bureau evaluated the implementation of the work program requirement and produced the report.

In the report, the Bureau recognized that DTA has undertaken important steps towards focusing on the transitional nature of TAFDC benefits and the importance of self-sufficiency planning for TAFDC recipients. DTA implemented a new tool for assessing the employability of TAFDC recipients and placed Self-Sufficiency Specialists in each field office to focus on recipients with significant employment barriers. However, DTA did not fully develop guidance and processes for integrating the new assessment tool into self-sufficiency planning. Moreover,

DTA did not adequately define the role of Self-Sufficiency Specialists and subsequently reassigned the Specialists to case management roles. Overall, the Bureau found that field staff were not directly involved in implementation planning and were not well-prepared for system and operational changes. The Bureau recommended short-term and long-term steps to address concerns with the implementation, and DTA has invited the Bureau to oversee projects focused on recommendations in the report.

Key Recommendations:

DTA should:

- Build the knowledge base, skills and tools of its staff so they can effectively assess and engage in self-sufficiency planning with TAFDC recipients.
- Track progress and outcomes for TAFDC recipients with relevant, purposeful and reliable metrics.
- Use data metrics and other data analysis to inform further development of the TAFDC program.
- Revisit the distribution of the Temporary Assistance to Needy Families block grant with other secretariats and agencies.
- Establish partnerships across other secretariats and agencies and implement Workforce Innovation and Opportunity Act mandates to ensure that TAFDC recipients have access to all available and appropriate workforce development resources.

**B. Fraud Detection Program**

In March 2015, DTA stopped using employment wage data from the Department of Unemployment Assistance to detect recipient fraud. In the wake of this temporary hiatus, the Bureau recommended that DTA complete a full risk assessment of the data match for earned income before re-engineering it. The Bureau further recommended that DTA develop an approach for screening and identifying priority fraud investigations. DTA has adopted both of these recommendations. The Bureau and DTA have engaged in collaborative work to develop a new approach for DTA to utilize the wage data. As a result of this work, the Bureau has provided additional recommendations to DTA.

Key Recommendations:

DTA should:

- Identify, in consultation with the Bureau, new methodologies for processing wage data for each benefits program based on fraud-risk assessments, business priorities and resources.
- Engage in pilot testing of these methodologies before implementing them.

## **II. Department of Developmental Services**

### **A. Training**

In April 2016, the Bureau coordinated a fraud awareness training for DDS's senior staff and approximately 70 operations staff throughout the state. In December, BPI coordinated the same training for the Self-Determination Advisory Board. Staff from the Office presented the training.

In November, the Bureau collaborated with the DDS, the Disabled Persons Protection Commission ("DPPC"), the Suffolk County District Attorney's Office and the Massachusetts Attorney General's Office on training for investigators. This training focused on identifying and investigating financial abuse and exploitation involving public and private funds. The training included 72 investigators from DDS, DPPC, the Department of Mental Health and the Massachusetts Rehabilitation Commission. The Chief of the Major Felony Bureau of the Suffolk County District Attorney's Office presented the training.

### **B. Internal Controls**

In the spring of 2016, the Bureau initiated a review of DDS's internal controls for the Self-Determination program as well as the Commonwealth Community Services program. The Bureau is working with the Self-Determination Advisory Board and the DDS administration to improve internal control planning, procedures, fraud reporting and staff training. In 2017, the Bureau will make specific recommendations in these areas.

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## ***Internal Special Audit Unit***

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The Massachusetts Department of Transportation (“MassDOT” or “Department”) is responsible for managing the Commonwealth’s roadways, public transit systems, and transportation licensing and registration. The Legislature created MassDOT as part of Transportation Reform in 2009 and it is made up of four divisions: the Highway Division, the Registry of Motor Vehicles (“RMV”), the Aeronautics Division, and Rail and Transit.

The Internal Special Audit Unit (“Unit”) monitors the quality, efficiency and integrity of MassDOT’s operating and capital programs. As part of its statutory mandate, the Unit seeks to prevent, detect and correct fraud, waste and abuse in the expenditure of public and private transportation funds. The Unit is also responsible for examining and evaluating the adequacy and effectiveness of MassDOT’s operations, including its governance, risk-management practices and internal processes.

### **I. Audits, Investigations and Reviews**

#### **A. MassDOT’s Provision of Free Access on Massachusetts Toll Roads**

In 2016, the Unit reviewed MassDOT’s practice of allowing certain individuals and organizations to travel on the Massachusetts Turnpike (“Turnpike”)<sup>3</sup> without paying tolls.<sup>4</sup> The investigation found that between November 1, 2009 and August 31, 2015, MassDOT forfeited over \$985,000 in toll revenue by permitting these individuals and organizations to travel on the Turnpike for free.<sup>5</sup> The Unit found no business need for allowing this free access, or any collective bargaining agreement requiring the Department to provide these benefits. Thus, the Unit recommended that MassDOT eliminate this practice. During the ISAU’s investigation, MassDOT discontinued the practice for public and private entities unaffiliated with the Department, as well as for 600 MassDOT retirees. At the time that the Unit issued its report, however, the Department continued to allow nearly 850 employees and retirees to travel on the Turnpike without paying any tolls.

#### **Key Recommendation:**

- MassDOT should stop allowing the remaining 850 individuals in the program to drive on the Turnpike for free.

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<sup>3</sup> The Massachusetts Turnpike is Interstate 90, a 138-mile toll road that begins in Boston and runs to the New York state border.

<sup>4</sup> The Unit did not review free access by the following groups: MassDOT’s toll collectors, MassDOT’s fleet vehicles, the Massachusetts State Police and the Massachusetts Port Authority.

<sup>5</sup> This amount includes some free tolls associated with the Tobin Bridge.

## **B. MassDOT's Payments for Individuals' and Businesses' Emergency Services on the Massachusetts Turnpike**

The Unit reviewed MassDOT's emergency-services contracts with 19 cities and towns along the Turnpike. The municipalities provide ambulance response, fire, rescue and hazmat<sup>6</sup> services to motorists on the Turnpike or to individuals and businesses at service plazas. In exchange, MassDOT pays the responding municipality a set fee based on the services it provides. With the exception of certain limited ambulance and hazmat services, municipalities typically do not charge a fee when their fire departments respond to car accidents, fires and other emergencies. Thus, MassDOT is paying for services that others do not pay for.

The Unit's investigation revealed that since 2010, the Department has expended over \$600,000 in public funds under these contracts. The Unit estimates that the total cost could reach over \$1 million by 2020, when the current contracts expire. Further, the contracts contemplate that MassDOT will recover some of the fees it pays by seeking repayment from motorists' or businesses' insurers. However, the Unit determined that MassDOT had not attempted to recover any of the costs that it had paid since 2009. Finally, the Unit identified billing errors, including duplicate charges, in some of the invoices municipalities submitted to MassDOT.

After the completion of the Unit's review, MassDOT drafted revisions to its Standard Operating Procedures for recovering fees and initiated recovery of emergency-services expenses on any pending claims within the previous three years.

### Key Recommendations:

MassDOT should:

- Allow the contracts to expire in 2020, and do not renew them.
- Reinstate its subrogation activities with respect to these contracts.
- Institute audit procedures to verify the accuracy of the bills it receives from the municipalities.

Following the review, MassDOT reported that it had implemented many of the steps the ISAU had recommended, including revising the reporting process for the Accident Recovery Program to ensure the Department seeks insurance reimbursements in a timely manner. MassDOT reported that it is also reviewing incidents on the Turnpike during the last several years in which the statute of limitations has not expired, and will seek payments from insurance companies in applicable cases. MassDOT has committed to reviewing the merit of these contracts when they expire in 2020 and will determine whether or not to renew them at that time.

## **C. The MBTA's Billboard Contract with Clear Channel Outdoor, Inc.**

The Unit reviewed two aspects of the MBTA's contract with Clear Channel Outdoor, Inc. ("Clear Channel") for billboard advertising. First, the Unit reviewed the MBTA's decision to

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<sup>6</sup> "Hazmat" refers to hazardous materials.

amend the contract to permit Clear Channel to convert up to 18 billboards to a digital format instead of conducting a new, public procurement. The amendment also extended the original contract for an additional 10 years for the 18 billboards. The Unit determined that the MBTA was not required to conduct a public procurement before amending the contract with Clear Channel. Nevertheless, while digital billboards should bring in more revenue for the MBTA than static billboards, a shorter extension for the 18 digital billboards may have been more favorable to the MBTA.

Second, the Unit examined whether the MBTA was required to hold a public meeting before allowing Clear Channel to install a digital billboard on MBTA property in Dorchester. The Unit could find no law or regulation requiring such a public meeting.

#### **D. The Abuse of Disabled Persons' Parking Placards in Massachusetts**

In 2016, the Unit also issued a report concerning the misuse of disabled persons' parking placards ("placards"). In its investigation, the Unit uncovered placard abuse in every Boston neighborhood it surveilled. The Unit also found gaps in both the RMV's application process and the state's placard laws that make it easier for individuals to obtain and use placards inappropriately. The Unit's analysis also determined that if just 10% of drivers who regularly park at Boston meters are misusing placards, this translates into approximately \$1.8 million in annual lost revenue for the city.<sup>7</sup> The Unit issued a comprehensive set of recommendations to strengthen the placard application, update the placard laws and increase enforcement of placard abuse.

##### Key Recommendations:

The Unit recommended that the RMV take the following actions:

- Work with the Legislature and other stakeholders to revise the state's placard laws.
  - Importantly, the RMV and the Legislature should consider a two-tier system that would limit the meter-fee exemption to individuals who are physically unable to approach or reach a meter, or to put coins into a meter.
  - All other placard holders would still be able to use designated handicapped parking spaces, but would pay to park at a meter.
  - Alternatively, the RMV should work with state lawmakers to add a time limit to the meter-fee exemption.
- Pursue additional measures to curb placard abuse, such as (1) increasing fines and penalties for misuse; and (2) updating state law to detail what constitutes a citable offense, including concealing a placard's number or expiration date.
- Make the placard application consistent with state law by removing arthritis as a stand-alone basis for receiving a placard, but still allowing an individual with arthritis to obtain a placard pursuant to 540 CMR 17.03(2)(a).

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<sup>7</sup> Based on a commuter parking at a meter for eight hours a day for 228 days a year.

The RMV implemented significant changes in response to the Unit's report. Most notably, the RMV reconvened its Medical Advisory Board<sup>8</sup> to revise the application for a placard. For instance, the revised application removes arthritis as a stand-alone basis for obtaining a placard and adds language to the application to deter abuse. The RMV also modified its process for replacing a lost or stolen placard. Specifically, when a placard holder reports a placard lost or stolen, he must now certify that law enforcement has not confiscated the placard. The RMV also developed a new, streamlined procedure for law enforcement to inform the RMV when a placard is confiscated. Further, the RMV has been working with its Disability Placard Abuse Task Force (discussed below) on the Unit's remaining recommendations.

Finally, this Office filed legislation (House Bill 14) to help combat placard abuse. Among other things, the proposed legislation would create administrative and criminal penalties for fraudulently using a placard. To make it more difficult to use a stolen, expired or forged placard, the bill would also institute fines for obstructing a placard's number or expiration date. The bill would also strengthen the RMV's authority to request additional documentation or information from an applicant concerning the medical necessity for a placard. Further, the bill would establish criminal penalties for using a deceased person's placard, making or stealing a placard with the intent to distribute, and obtaining a placard under false pretenses.

## **II. Statutory Mandate**

Pursuant to legislation passed in 2015,<sup>9</sup> the Office is required to review and analyze the contracts for certain services that the MBTA outsources. After the contract has expired, the Office must evaluate whether the outsourcing resulted from a competitive process, saved the MBTA money, and maintained the same level of quality of goods or services that the MBTA provided before the outsourcing. As of the date of this report, the MBTA has executed two contracts that fall within the parameters of the legislative mandate: (1) a contract to operate the MBTA's cash-counting department;<sup>10</sup> and (2) a contract for its warehousing and logistics operations. Because both contracts are still ongoing, the Office is not yet obligated to complete its statutory review. Pursuant to its enabling statute, however, the Unit intends to perform an interim analysis of one of the contracts in 2017. This proactive measure will allow the MBTA and others to apply the lessons learned from the procurement sooner, rather than waiting until after the contract has expired.

## **III. Hotlines**

The Unit maintains a hotline for members of the public to anonymously report suspected fraud, waste and abuse in the expenditure of MassDOT funds; the hotline is available on the Office's and MassDOT's websites. The Unit also maintains employee hotlines on MassDOT's intranet. The Unit evaluates each complaint to determine whether it falls within the Unit's

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<sup>8</sup> The Medical Advisory Board consists of the Commissioner of the Department of Public Health (or her designee) and a panel of approximately fifteen healthcare providers of varying specialties. It provides assistance to the RMV on a variety of health matters relating to the issuance of learner's permits, driver's licenses and disability placards. *See* M.G.L. c. 90, § 8C.

<sup>9</sup> *See* Section 196 of Chapter 46 of the Acts of 2015.

<sup>10</sup> The MBTA's cash-counting department is responsible for collecting, counting and depositing fare revenue from its subway, bus, ferry and commuter rail systems.



jurisdiction and whether it merits action. Some complaints lead to extensive investigations, some are referred to other agencies and others are closed if a preliminary inquiry fails to substantiate the allegations. During 2016, the Unit received 197 complaints from the public and employees.

Additionally, the Unit monitors the RMV's disability placard abuse hotline and receives reports of placard abuse from the public. The RMV's Medical Affairs Bureau records this information for further investigation. In 2016, the Unit received and processed 62 reports of alleged placard abuse.

#### **IV. Massachusetts Disability Placard Abuse Task Force**

The Unit also participates in the RMV's Disability Placard Abuse Task Force ("Task Force"), which is dedicated to addressing and resolving issues surrounding placard abuse, increasing enforcement of the current laws, amending state law to increase the penalties for placard abuse, and tightening administrative controls to prevent and detect abuse more easily. In May 2016, the Task Force conducted an "enforcement week" to combat placard misuse. As a result of that initiative, law enforcement officers in six cities and towns across the state issued 171 placard-abuse citations and parking tickets, cited four drivers for altering placards, and confiscated 42 placards. During 2016, the Task Force also provided input into the Office's proposed placard legislation,<sup>11</sup> reviewed improvements in the Registry's effort to combat placard abuse, shared ideas on best practices and received updates on the activities of the RMV's Medical Affairs Bureau.

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<sup>11</sup> See House Bill 14, An Act Related to Disability Placards.

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## ***Legal Division***

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The Legal Division provides essential legal advice to the Office and manages and directs legal strategy in all Office litigation. Attorneys in the Legal Division represent the Office in state and federal court, draft and review legislation, teach procurement law, and provide guidance on public procurement matters to state and local officials. Attorneys in the Legal Division also assist the Office's investigatory divisions by taking testimony, analyzing evidence, conducting legal research, coordinating responses to and enforcing summonses, and liaising with state, municipal and private entities to facilitate document productions.

### **I. Investigations**

#### **A. Supplemental Investigation of the Forensic Drug Laboratory at the William A. Hinton State Laboratory Institute**

Over the course of 18 months during 2013 and 2014, the Office conducted a top-to-bottom review of the Forensic Drug Laboratory at the William A. Hinton State Laboratory Institute ("Drug Lab"). The Office's comprehensive review found chronic managerial negligence, inadequate training and a lack of professional standards. The report concluded with recommendations highlighting the importance of accreditation, chemist training, proper quality controls and better-designed security practices.

In 2016, the Office released a report regarding a supplemental review it conducted of over 15,000 drug samples originally tested between 2002 and 2012 at the Drug Lab. The Office focused on certain samples that the Drug Lab had repeatedly tested, and for which it had obtained inconsistent results for the same sample, but had typically only reported the final result to the parties in the corresponding criminal case. From this review, the Office identified 645 drug samples, 609 of which were retested by NMS Labs ("NMS"), an independent, out-of-state laboratory, to determine the accuracy of the Drug Lab's analytical findings.

For 551 of the 609 samples retested, NMS found the same substance that the Drug Lab had certified. For 11 of the samples, NMS made no findings of any controlled substances under the Massachusetts Controlled Substances Act, M.G.L. c. 94C. For seven of the samples, NMS found a different controlled substance from the substance the Drug Lab had certified. For six of the samples, NMS identified the same controlled substance by one analytical method, but was unable to confirm that finding by a secondary method as required under NMS's testing protocols. Finally, for 34 of the samples, NMS found the same controlled substance that the Drug Lab had found, but also found additional controlled substances in the sample.

Ultimately, despite the Office's concern about the existence of Drug Lab samples that had undisclosed internal inconsistencies among the test results, the Office did not find widespread testing inaccuracies. However, in the course of retesting the Office found that the Drug Lab had classified two substances – benzylpiperazine ("BZP") and 5-methoxy-N,N-diisopropyltryptamine ("Foxy") – as Class E substances, when, in fact, neither substance was illegal under Massachusetts law.

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## ***Policy and Government Division***

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The Policy and Government Division (“Division”) oversees the Office’s policy, healthcare and legislative initiatives. The Division also reviews programs and practices in state and local agencies to identify system-wide vulnerabilities and opportunities for improvement.

### **I. Healthcare Reviews**

Each fiscal year the state budget includes language requiring the Office to oversee and examine issues related to healthcare. Specifically, the language tasks the Office with reviewing the Health Safety Net and Medicaid programs. These healthcare reviews may include reviewing eligibility requirements, utilization, claims administration and compliance with federal mandates.

#### **A. Super-Utilizers**

Pursuant to its mandate under Section 215 of Chapter 165 of the Acts of 2014, the Division examined the administration of the Massachusetts Medicaid program (“Medicaid”) and the Health Safety Net program (“HSN”) by MassHealth, the state entity that runs both programs. The Division analyzed how the Medicaid and HSN programs are addressing the needs of “super-utilizers” of the healthcare system. Super-utilizers are a small number of individuals who use a large amount of healthcare resources.

The Division found that both the Medicaid and HSN programs could provide better care coordination for their members and users, which could lead to better health outcomes and save money. The Division also found that the Medicaid and HSN programs, combined, paid approximately \$6.6 million for claims that did not contain a diagnosis code, which is contrary to both MassHealth’s regulations and the HSN’s program requirements. The payment of claims without diagnoses also limits program-integrity activities and care coordination. Further, the Division found that MassHealth needs to improve its review of community-based services because its current methods are not working well. Specifically, the review showed that MassHealth paid claims for: transportation that did not have a corresponding claim for medical services; multiple home health agencies to provide the same type of service to the same person on the same day; and adult day care providers to transport members on days on which there was no claim for adult day care.

#### **Key Recommendations:**

- MassHealth should consider seeking an administrative partnership with Medicare to increase the coordination of care to super-utilizers and enhance its claims review process.
- MassHealth should (1) improve its claims review process so that it denies all claims that do not contain a primary diagnosis; and (2) increase its scrutiny of certain community-based services. MassHealth should also include claims information from its managed care organizations in its post-payment review and explore whether it is feasible to obtain claims information from Medicare and private insurance to inform and improve its claims review process.

- MassHealth should apply some of the findings and recommendations above to the broader MassHealth and HSN populations. For instance, the payment of claims without a diagnosis code is a flaw in MassHealth’s claims adjudication system, as is paying transportation claims that do not have a corresponding medical claim. It therefore is likely that the Medicaid and HSN programs are paying these same types of claims with respect to the broader MassHealth and HSN populations.

## **B. Schedule II Drug Claims**

Pursuant to its mandate under Section 146 of Chapter 46 of the Acts of 2015, the Division examined how the Medicaid and HSN programs are paying fee-for-service claims for certain drugs that have a high potential for abuse but also have currently accepted medical uses. These drugs include drug treatment agents such as buprenorphine and methadone, painkillers such as morphine and oxycodone, sedatives such as certain benzodiazepines, and stimulants such as amphetamines. The Division reviewed over 800,000 paid prescription claims for Medicaid members and HSN users. The Division used data analytics to evaluate whether there are ways for MassHealth to detect fraud, waste and abuse through robust claims analysis. The review also noted what policies and practices the Medicaid and HSN programs have in place relating to the prescribing and dispensing of certain drugs and compared these policies and practices with three other insurance programs (Connecticut Medicaid, Tufts Health Plan and Medicare). MassHealth has recently taken important steps toward lowering the dose of opioids that will require prior authorization and requiring prior authorization for new methadone prescriptions. However, MassHealth could still make improvements.

### Key Recommendations:

- MassHealth could better use claims data to target fraud, waste and abuse relating to prescription drugs in both the Medicaid and HSN programs.
- The Medicaid and HSN programs should have a threshold for a person’s total opioid use as a trigger to identify possible opioid abuse.
- The Medicaid and HSN programs should establish additional prior authorizations for certain kinds of oxycodone and all methadone prescriptions for pain.
- The Medicaid and HSN programs should put steps in place to reduce the number of members receiving prescriptions for methadone from a pharmacy after leaving a methadone treatment program.
- MassHealth should increase the use of the Department of Public Health’s Prescription Drug Monitoring Program.

## **C. MassHealth Data: Social Security Numbers and Claims Paid After Death**

Pursuant to its mandate under Section 146 of Chapter 46 of the Acts of 2015, the Division examined demographic information concerning approximately 1.7 million Medicaid members. After this review, the Office issued a letter to the MassHealth Medicaid program (“program”) relating to the following issues: (1) there are what appear to be facially invalid social security numbers (*e.g.*, 111-11-1111) for active members in the program’s claims processing system

(known as the Medicaid Management Information System (“MMIS”)); (2) MMIS associates more than one member with at least 2,723 social security numbers; (3) MMIS continues to list members as active even though MMIS contains dates of death for them; and (4) between July 1, 2015 and October 31, 2015, the program paid more than \$5 million in claims for members after their reported dates of death. MassHealth responded to the Division, agreeing with the findings. MassHealth stated that it had taken steps to address these issues and would continue to work on solutions to address all recommendations.

#### **D. Program Interventions to Address Substance Use Disorders and Save Public Healthcare Funds**

Pursuant to its mandate under Section 152 of Chapter 133 of the Acts of 2016, the Division examined 12 healthcare programs from across the country – public and private health insurers, a worker’s compensation program, a hospital-based program, and a health system – that have implemented an array of interventions to address substance use disorders. The goal of the Division’s review was to identify promising practices that MassHealth might replicate and that could lead to public healthcare cost-savings. To the extent possible, this examination included the health outcomes of these practices in an effort to determine what interventions have the potential to prevent substance misuse and abuse in the first instance. Effective prevention would, in turn, save public healthcare funds by, for example, reducing the need to treat substance use disorder; reducing the overall healthcare costs for people with substance use disorder; and lessening fraud, waste and abuse in healthcare spending. The Division identified a number of practices that MassHealth may be able to implement.

##### Key Recommendations:

- Managing pain better with alternative therapies – such as physical therapy, chiropractic services, cognitive behavioral therapy, acupuncture, osteopathic manipulative treatment, injections and non-opioid pain-modulating drugs – means that patients may never have to use opioids or may use them for a shorter time, thereby reducing the risks of addiction.
- Changing prescription limits, strengthening prior-authorization requirements, and requiring second opinions for opioid prescriptions are all methods of reducing the use of prescription opioids.
- Switching from brand-name to generic opioid prescriptions may reduce the number of prescription opioids that are diverted into the community.
- Data analytics can identify patients at risk of developing chronic pain, as well as those who are currently using high levels of opioids. By identifying these patients, providers have an opportunity to intervene to prevent opioid use or to offer alternatives or treatment. A strong partnership between the data team and the clinical team appears to be critical to successfully using data analytics in this regard.
- Removing barriers to treatment by eliminating prior authorization for medication-assisted treatment for substance use disorder and expanding the number of providers available to treat this disorder can increase treatment.

## **II. Public Design and Construction**

Since its inception, the Office has helped develop policies and procedures related to the Commonwealth's public design and construction laws. In 2016, the Division worked with the Department of Capital Asset Management and Maintenance ("DCAMM"), the Massachusetts Department of Transportation ("MassDOT"), the Massachusetts Bay Transportation Authority ("MBTA"), the Massachusetts School Building Authority ("MSBA"), the Department of Energy Resources ("DOER"), the Massachusetts Attorney General's Office ("AGO"), the Operational Services Division ("OSD"), and other state and local entities to establish best practices in public construction.

### **A. Alternative Construction**

Pursuant to M.G.L. c. 149A, the Office reviews applications to use alternative delivery methods, including the construction management at-risk ("CM at-risk") and design-build methods.<sup>12</sup> In addition, before certain state agencies and authorities may use alternative delivery methods on construction projects, the Legislature has charged the Office with reviewing and approving the procedures for utilizing those delivery methods. Consequently, the Division reviews and approves certain procedures for DCAMM, the Massachusetts Port Authority, the MBTA, the Massachusetts Water Resources Authority, the Massachusetts State College Building Authority and the University of Massachusetts Building Authority.

In 2016, the Division received 14 applications to use the CM at-risk delivery method, including one that was later withdrawn, totaling over \$700 million in estimated project costs. The projects included 6 public schools, 3 charter schools, an affordable housing development, a wastewater treatment plant, a town hall, a municipal office building and an athletic complex. Applicants included the city of Somerville, the towns of Topsfield and Stoughton, Brooke Charter School in Mattapan and Upper Blackstone Water Pollution Abatement District.

### **B. Owner's Representatives' Annual Reports**

Pursuant to M.G.L. c. 30, § 39M½, and M.G.L. c. 149A, § 15½, in 2016, the Office reviewed 35 annual reports from owner's representatives in connection with ongoing or recently completed public works projects. Each of these projects is valued at \$50 million or more.

## **III. Real Estate Transactions**

Each year, the Office reviews a variety of public real property transactions, including dispositions, acquisitions and long-term leases, to ensure that the public's interests are protected. In addition, the Legislature frequently mandates that the Office review and approve independent appraisals of real property that the state, counties and municipalities propose to convey or acquire. The Office's appraisal reviewers evaluate whether the analyses, opinions and conclusions in the appraisal are appropriate and reasonable. The Office provides a report on each appraisal to the

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<sup>12</sup> "Alternative delivery method" means a delivery method other than the traditional design-bid-build sequential method of construction required in M.G.L. c. 149 (building construction projects) and M.G.L. c. 30, § 39M (public works construction projects).



Commissioner of DCAMM for submission to the House and Senate Committees on Ways and Means and the Joint Committee on State Administration and Regulatory Oversight. The Office also generally recommends that all real property appraisal reviews conducted at the direction of the Legislature follow the Uniform Standards of Professional Appraisal Practice.<sup>13</sup>

Below are examples of transactions that the Division reviewed in 2016:

**A. EF Education First**

Pursuant to Chapter 265 of the Acts of 2014 (“Act”), the Office reviewed the appraisal of state property to be conveyed to EF Education First, Inc. (“EF”) in Cambridge. The Act required DCAMM to convey the property at a price equal to or greater than the full and fair market value. DCAMM had the property appraised subject to certain special limiting conditions, including that (1) EF would be permitted to construct a building of a certain density; (2) the property was not contaminated to an extent that would prohibit development; and (3) MassDOT and the Department of Conservation and Recreation would retain certain use or access rights. The Office approved the methodology and opinion of value presented in the appraisal.

**B. Essex North Shore Agricultural and Technical School**

Section 22 of Chapter 237 of the Acts of 2014 authorized DCAMM, in consultation with the Essex North Shore Agricultural and Technical School District (“District”), to lease land to a private entity, Essex Sports Center, LLC, to construct and operate an ice rink and athletic fields. The District will use the facility for free. In September 2016, the Office reviewed and approved an amendment to the 25-year lease; the primary purpose of the amendment was to allow Essex Sports Center to obtain a second mortgage.

**C. Northeastern University Henderson Boathouse Lease**

Chapter 65 of the Acts of 2010, as amended by Section 2 of Chapter 143 of the Acts of 2012 and Chapter 282 of the Acts of 2014 (collectively the “Enabling Legislation”), authorized DCAMM, in consultation with the Department of Conservation and Recreation, to lease certain land and appurtenances to 30 boating organizations. Pursuant to the Enabling Legislation, Northeastern University (“Northeastern”) sought to enter into a formal lease with DCAMM with respect to the university’s Henderson Boathouse on the Charles River in Boston. In addition to monetary rent, Northeastern will provide public restrooms and snow removal services, and will fund a local scholarship. The 30-year lease, which has an option to extend for five additional years, also outlines the university’s obligations as well as other terms and conditions related to ensuring appropriate public access to public park land. In accordance with the Enabling Legislation, DCAMM has included reporting requirements, use restrictions, design and construction oversight rules, and other safeguards to protect the Commonwealth’s interests. The Office reviewed and approved DCAMM’s lease because it is consistent with the terms and conditions of the Enabling Legislation.

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<sup>13</sup> The Uniform Standards of Professional Appraisal Practice, promulgated by The Appraisal Foundation, set out voluntary industry standards for licensed appraisers of property rights.

## **IV. Energy**

### **A. Reporting Requirements**

The Uniform Procurement Act, M.G.L. c. 30B (“Chapter 30B”), requires cities, towns and other political subdivisions of the Commonwealth to submit all contracts for energy or energy-related services to the Office. In 2016, the Office received 114 such contracts.

### **B. Advisory Regarding Energy Broker Services**

In 2016, the Division reviewed the contracts between public awarding authorities and energy professionals. Public awarding authorities pay those energy professionals to assist with the purchase of electricity and natural gas used in public facilities. In conducting this review, the Division found that many public awarding authorities are not using a competitive process to procure energy professionals, are failing to adequately monitor payments to energy professionals, and are automatically renewing contracts with energy professionals without an adequate assessment of the services provided. The Division also found that an energy professional’s fees typically are not based on the services the awarding authority receives, but instead are tied to the authority’s energy usage. Fees should be based on the actual services provided.

#### Key Recommendations:

- Public awarding authorities should understand their specific energy needs; this will help them determine what type of energy professional is best suited to assist them in the purchase of energy supply.
- Public awarding authorities should use an open and competitive process for hiring any kind of energy professional.
- Public awarding authorities should carefully monitor the amount they pay brokers and treat it as an expense separate from what they are paying for the energy supply itself.
- Public awarding authorities should negotiate fees that are based on the services the broker provides. Authorities could, for instance, negotiate either a flat-fee or an hourly rate with brokers.

## **V. Legislative Initiatives**

Since it was established in 1981, the Office has reviewed and commented on proposed legislation during each legislative session. In addition, the Office regularly provides feedback to individual legislators who are developing both legislation specific to the districts they represent and legislation that affects the general operations of state and local government. The Office also responds to requests from the Governor’s Office to review legislation that the Legislature has passed and is awaiting the Governor’s signature.

The Office continued to provide these important services throughout 2016. For instance, the Office reviewed and commented on more than 100 pieces of legislation for the 2015-2016 legislative session. In 2016, the Inspector General and his staff also provided testimony and

guidance to legislative committees on issues related to disabled persons' parking placard abuse, training members of public boards and commissions, film tax credits, real estate transactions, fraud controls, and the procurement of public supplies and services. In all cases, the Office stressed the importance of transparency in government and the need for safeguards to ensure the appropriate oversight of taxpayer dollars.

## **VI. Proposed Legislation: 2017-2018 Session**

Chapter 30 of the Massachusetts General Laws permits the Office to file legislation in the November of even years for the upcoming legislative session. In November 2016, the Office filed the following bills for the 2017-2018 legislative session:

### **A. House 12, An Act Relative to Higher Education Boards and Trustees**

This proposal would require every member of a board of trustees for an institution of higher education in Massachusetts to participate in training from the Department of Higher Education. The proposal also states that membership on a board of trustees would terminate if a member failed to complete the required training program. As of the date of this report, this bill has been referred to the Joint Committee on Higher Education.

### **B. House 13, An Act Relative to Chapter 30B**

This bill would increase the fine for causing or conspiring to enter into a contract in violation of Chapter 30B, the Uniform Procurement Act. Based on the Office's investigations and reviews, those who conspire to violate Chapter 30B can earn tens of thousands of dollars as a result of their misconduct. Consequently, the current fine – \$2,000 – is an insufficient deterrent to violating Chapter 30B. Raising the fine to \$10,000 – as the Office proposes – would have a far greater deterrent effect.

House Bill 13 also would update Chapter 30B to include correct statutory references based on recent amendments to other statutes. The proposal would also strike a section of Chapter 30B that is duplicative. As of the date of this report, this bill has been referred to the Joint Committee on State Administration and Regulatory Oversight.

### **C. House 14, An Act Relative to Disability Placards**

This proposal would create administrative and criminal penalties for the fraudulent use of disabled persons' parking placards. Obstruction of a placard number or expiration date would result in a fine. The Registry of Motor Vehicles ("RMV") would be able to request additional documentation or information from an applicant supporting the medical necessity for a placard. The bill would prohibit the Registry from processing an application until an applicant provides all documentation. The bill would also increase the duration of license suspensions for wrongful use of a placard. A person falsely reporting a placard lost or stolen would be subject to a fine. Finally, the bill would establish criminal penalties for using a deceased person's placard, making or stealing a placard with the intent to distribute, and obtaining a placard under false pretenses. Passage of the bill would help make handicapped parking more available to those who need it. The bill also would increase parking revenue for cities and towns because those who do not need handicapped

parking could no longer use a placard to avoid paying at a parking meter. The RMV Disability Placard Abuse Task Force, which the RMV established to combat placard abuse, has helped to refine this legislation in its current form. As of the date of this report, this bill has been referred to the Joint Committee on Transportation.

**D. House 15, An Act Relative to Tax Returns**

This proposal would allow the Department of Revenue to provide the Office with records it needs to carry out its mandate of preventing and detecting fraud, waste and abuse. The Office would maintain such records as confidential pursuant to Chapter 12A. As of the date of this report, this bill has been referred to the Joint Committee on Revenue.

**E. House 16, An Act Relative to Chapter 30B Notification**

This proposal would require contractors to notify the Office of certain violations or overpayments. The Office could suspend or debar vendors for not complying with this notification requirement. As of the date of this report, this bill has been referred to the Joint Committee on State Administration and Regulatory Oversight.

## ***Regulatory and Compliance Division***

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The Office's Regulatory and Compliance Division ("Division") provides extensive educational and technical assistance to state and local government officials regarding Massachusetts' public procurement laws. Among other activities, the Division operates the Office's training programs, publishes educational materials, and offers a hotline to respond to inquiries and complaints concerning public procurement. The Division also interprets and formulates policies on the Uniform Procurement Act, M.G.L. c. 30B ("Chapter 30B"), which governs the purchase by local public officials of supplies, services, equipment and real property, as well as the disposal of real property and other tangible surplus supplies.

### **I. Training and Professional Development**

The Office established the Massachusetts Certified Public Purchasing Official ("MCPPO") program 20 years ago. The Office created the training program to promote excellence in public procurement by ensuring that public purchasing officials have the tools necessary to operate effectively and in accordance with state procurement laws, and by helping private sector employees understand state and local bidding requirements. Since 1997, nearly 20,000 participants, including town, city and state employees, as well as members of the private sector, have attended the MCPPO program's courses and presentations.

In 2016, the Division held 45 different classes, providing training to over 1,600 participants. The Division offered three, three-day seminars several times throughout the year: (1) *Public Contracting Overview*, which includes segments on Massachusetts procurement and construction bidding laws, purchasing principles, prevailing wage laws, public records laws, and ethics; (2) *Supplies and Services Contracting*, which instructs participants on interpreting Chapter 30B, conducting invitations for bids and requests for proposals, writing effective specifications, and recognizing and solving common bidding problems; and (3) *Design and Construction Contracting*, which provides in-depth instruction on the procurement laws governing public design and construction in Massachusetts, effective contract administration, the prequalification process, alternative delivery methods, and the identification of special issues in construction bidding.

During 2016, the Division also offered courses in advanced topics, real property, construction management at-risk under M.G.L. c. 149A, special procurement issues for schools, the fundamentals of running a public procurement office, contract administration and procurement fraud. The Division offered specialized training for members of public boards, commissions, authorities and committees. Additionally, the Division gave its sixth presentation of the *Story of a Building* class, which immerses attendees in a public construction project, from the early planning stages through the completion of the project.

The Division also offered a four-day course, *Certification for School Project Designers and Owner's Project Managers*, in response to the Massachusetts School Building Authority's regulations, which require public school designers and owner's project managers to receive MCPPO certification. The Division presented this course three times in 2016. The Division also offered a one-day class, *Recertification for School Project Designers and Owner's Project Managers*, for private sector designers and owner's project managers who previously received their MCPPO certification. The Division presented this course four times in 2016.

Last year, the Division continued to add more videoconference locations to the MCPPO program, making it possible for those with travel, budget or personnel constraints to attend MCPPO classes. In 2016, the Division held 19 videoconferences at the Gateway Regional School District in Huntington; the Centerville, Osterville and Marston Mills Fire District located in Centerville; and the University of Massachusetts at Lowell.

Finally, the Division participated in an extensive educational initiative to help public officials across the state understand recent changes to the public bidding laws. Specifically, the Division participated in 11 trainings across the Commonwealth to teach municipal employees about *An Act Modernizing Municipal Finance and Government* (the “Act”), which went into effect on November 7, 2016. Among other changes to municipal finance and governance, the Act raised public bidding thresholds, amended certain bidding procedures, and changed the advertising requirements for seeking bids for construction projects undertaken pursuant to M.G.L. c. 30, § 39M, and M.G.L. c. 149.

## **II. Speaking Engagements**

Throughout 2016, the Division provided speakers on various topics in public procurement, contract administration and fraud prevention. The Division’s staff made presentations to numerous cities, towns, agencies, authorities, colleges and associations, including the town of Sudbury, the city of Fitchburg, the town of Andover, the Massachusetts Department of Housing and Community Development, the Massachusetts Department of Transportation, the Operational Services Division’s Fleet Vehicle Event, the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials, the Massachusetts Association of Public Purchasing Officials, the Massachusetts Association of School Business Officials, the Massachusetts Collectors’ and Treasurers’ Association, the Massachusetts Facilities Administrators’ Association, the Massachusetts Library System, the Massachusetts Higher Education Consortium, the Operational Services Division’s MassBuys Exposition, and the Department of Higher Education’s Trustees’ Conference.

## **III. Inquiries and Complaints**

The Division regularly advises purchasing officials on how to comply with state bidding laws, obtain the best value for their jurisdiction and increase competition for public contracts. As part of this service, the Division offers a hotline to respond to questions and complaints concerning public procurements. In 2016, the Division responded to approximately 1,500 inquiries and questions about Chapter 30B and other public bidding laws.

## **IV. Technical Assistance**

In 2016, the Division continued its compliance review program, which is designed to help cities and towns improve their procurement practices and outcomes. As part of the program, the Division evaluates a jurisdiction’s procedures for complying with Chapter 30B, identifies internal control weaknesses, assesses vulnerabilities to fraud and identifies best practices for conducting procurements. The Division conducted two compliance reviews in 2016.

## **V. Publications**

The Division publishes a wide range of materials designed to educate and inform public procurement officials, private vendors and the public. Since 1994, the Division has published the *Procurement Bulletin*, a quarterly newsletter containing information about public procurement, new legislation, the Division's investigations and other topics of importance to purchasing officials. In 2016, nearly 5,300 individuals subscribed to the *Procurement Bulletin*. Representative topics covered in 2016 include procuring energy and telecommunication services, procuring banking and financial services, hiring deputy tax collectors, bid tailoring, eliminating proprietary specifications in custodial supplies, and detecting time and attendance fraud.

## **VI. Owner's Project Manager Review Panel**

Each month, counsel from the Division represents the Office at the Owner's Project Manager Review Panel ("Review Panel"). When a school district receives state funding to build a new school, it must use an owner's project manager ("OPM") to oversee the building project. The Review Panel, which the Massachusetts School Building Authority leads, reviews each school district's selection of an OPM, including the evaluation process the school district used.

As a member of the panel, counsel reviews each district's process and evaluation of its OPM-applicants. This review entails examining both the school district's needs and the OPM's qualifications, including the OPM's project experience, managerial experience, backlog of other ongoing work and financial viability. Counsel then participates in the Review Panel's meeting, listening to the presentations of the school district and the proposed OPM. After considering the presentations, reviewing the materials and soliciting questions, the panel may either agree with the school district's selection of an OPM or recommend further review and consideration.

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## ***Reports, Letters and Publications***

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The following reports, letters and other documents are available on the Inspector General's website, [www.mass.gov/ig](http://www.mass.gov/ig):

### **I. Reports and Letters:**

- The Bureau of Program Integrity's Update on the Work Program Requirement for Transitional Aid to Families with Dependent Children
- Letter to Thomas Tinlin, Highway Administrator regarding: Massachusetts Turnpike Emergency Towing Services Procurement
- Recommendations to Improve Oversight and Internal Controls at the Burlington Housing Authority
- MassHealth Data: Social Security Numbers and Claims Paid After Date of Death
- Letter to the Massachusetts State Retirement Board regarding a former Executive Director's pension earnings
- Letter to South Hadley Electric Light Department regarding Payout Policies to the Manager
- Letter to the Ashland, Sherborn and Norfolk Boards of Health Regarding Addressing the Risks of Time Abuse Across Multiple Jurisdictions
- MassDOT's Provision of Free Access to Massachusetts Toll Roads
- Internal Special Audit Unit's 2015 Annual Report
- MassHealth's Administration of Certain Medicaid and Health Safety Net Schedule II Drug Claims
- The Abuse of Disability Parking Placards in Massachusetts
- Supplemental Report Regarding the Hinton Drug Laboratory
- Letter to the Interim President of Massachusetts Bay Community College Regarding Certain Activities of Massachusetts Bay Community College Employees
- MassHealth's and the Health Safety Net's Management of Healthcare and Healthcare Costs for Super-Utilizers
- The Internal Special Audit Unit's Investigation of Commodity Price Fluctuations at the Massachusetts Department of Transportation

### **II. Legislative Testimony and Announcements:**

- Former Boston Housing Authority Director Sentenced

- Joint Inspector General Investigation Results in Larceny Convictions for Two Buzzards Bay Water District Employees
- Second Former Roxse Homes Worker Sentenced for Taking Bribes
- Inspector General Investigation Leads to \$5.5 Million Plum Island Settlement from CDM Smith
- Former Roxse Homes Worker Sentenced for Taking Bribes
- Joint Inspector General Investigation Results in Bribery, Conspiracy Convictions for Two Former Roxse Homes Employees
- Inspector General Investigation Leads to Indictment of Former Ashburnham Library Director for Embezzling Library Funds
- Former Boston Housing Authority Director Indicted for Larceny
- Inspector General Testimony on Disabled Persons' Parking Placards Legislation
- Boston Fire Department District Chief Sentenced
- Inspector General Investigation Leads to Conviction of Former Burlington Housing Authority Official

### **III. Publications:**

- *Procurement Bulletin*, Vol. 22, Issue #1 (January 2016)
- *Procurement Bulletin*, Vol. 22, Issue #2 (April 2016)
- *Procurement Bulletin*, Vol. 22, Issue #3 (July 2016)
- *Procurement Bulletin*, Vol. 22, Issue #4 (October 2016)