



OFFICE OF THE INSPECTOR GENERAL
COMMONWEALTH OF MASSACHUSETTS

JEFFREY S. SHAPIRO, ESQ., CIG
INSPECTOR GENERAL

2022 Annual Report

APRIL 26, 2023

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April 26, 2023

The Hon. Michael J. Rodrigues, Chair
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133
Michael.Rodrigues@masenate.gov

The Hon. Aaron M. Michlewitz, Chair
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133
Aaron.M.Michlewitz@mahouse.gov

Re: Office of the Inspector General's 2022 Annual Report

Dear Chair Rodrigues and Chair Michlewitz:

Pursuant to Section 12 of Chapter 12A of the Massachusetts General Laws, I am pleased to issue the Inspector General's *2022 Annual Report*.

The *2022 Annual Report* reviews the work and accomplishments of the Office of the Inspector General (Office) in the last year, including the recovery of \$1.7 million on behalf of the Commonwealth; reviews of the Holyoke Veterans' Home, which helped bring about legislative reform to improve the oversight of services provided to veterans; and the prosecution of a former executive for stealing nearly \$1.5 million from a nonprofit that supported families and individuals experiencing homelessness. In addition to numerous other reviews, reports and collaborations in areas such as education, healthcare, housing, transportation and public safety, the Office also trained more than 5,200 individuals and fielded nearly 3,700 hotline calls in calendar year 2022.

I would like to acknowledge and celebrate that 2022 was a transition year at the Office, only the fourth time in the history of the Commonwealth that the leadership of the Office has changed. That change in leadership happened flawlessly, as the Legislature intended. Former Inspector General Glenn A. Cunha led the Office until he reached his statutory 10-year limit on August 10, 2022. First Assistant Inspector General Natalie S. Monroe then served as Acting Inspector General until October 2, 2022, when my appointment took effect. This seamless transition of the authority granted to the Inspector General under Chapter 12A of the Massachusetts General Laws is a credit to the Legislature; the state's Constitutional officers, including the Governor; the Inspector General Council and Office leadership.

My predecessor, Glenn A. Cunha, led the Office through a period of significant growth and modernization, including establishing five new divisions, expanding the Office's training and certification programs, and – recognizing the public's important role in uncovering wrongdoing – elevating the Office's hotlines. Many of the reviews, investigations and other matters described in this report occurred under his leadership.

I am also proud to report that since the change of leadership, the Office has not missed a beat in carrying out its mandate to prevent and detect fraud, waste and abuse in the expenditure of public funds. Since I became Inspector General, we have created a Healthcare Division and leadership positions,

including a Director of Veterans' Services Oversight and a Deputy Director for Audit and Oversight. We have also redesigned how the Office evaluates potential matters to focus on emerging areas, impactful reviews and entities that may have received less scrutiny in the past. I am actively reviewing the Office's interface with municipalities, refining our communication and collaboration with entities across government, and improving how the Office communicates with the public and other stakeholders. And with all of this – we are just getting started.

Early results of our work include assisting a large municipality with complex procurement and contract administration issues regarding a school transportation contract; ensuring continued accountability by former State Police troopers who were paid for overtime shifts that they did not work; publishing reports analyzing two privatization contracts, which revealed problems with procurement, contract management and records retention at the Massachusetts Bay Transportation Authority; identifying the need for stronger oversight and controls at a local housing authority; and issuing annual reports from our Division of State Police Oversight, our Internal Special Audit Unit and our healthcare review team.

The Office has a broad mission to prevent and detect fraud, waste and abuse in government spending at the state and local levels. I recently testified before your committees about the need for additional funding for the Office to tackle its significant statutory mandate. Right now, we have approximately 80 employees and a budget of approximately \$9.5 million. The Office must use these limited resources to identify and address fraud, waste and abuse across approximately \$120 billion in state and municipal spending, among over 300,000 employees, roughly 160 state agencies, 351 municipalities and dozens of other public and political entities.

Because our mandate is so broad and our agency is of modest size, we need to be thoughtful and deliberate about where we focus our attention and how we approach our work. The Office is perhaps best known for its investigations and compliance reviews, and this important work will continue in 2023 and beyond. We will continue to investigate complaints to our hotlines, proactively identify and undertake impactful reviews and investigations, and make referrals to prosecutorial agencies whenever we have reasonable grounds to believe there has been a violation of federal or state criminal law. Further, in 2023, we look to expand our reviews and analyses into emerging areas – such as clean energy and economic empowerment – as well as government sectors that receive significant public funds but appear to have less robust oversight – such as quasi-public agencies. The Office will also continue its ongoing oversight of pandemic relief funds, including the many millions of dollars in ARPA funds that have flowed into the Commonwealth.

In addition, in the year ahead, we will allocate more time to capacity-building through collaborations and education: partnering and assisting agencies and municipalities; training employees on proper procedures; and developing and disseminating information about best practices in public procurement, contract administration and governance. The Office will continue to offer classes through its Massachusetts Certified Public Purchasing Official (MCPPO) program to teach public employees and officials, private vendors and others who conduct business with the Commonwealth about procurement, contracting, fraud awareness, ethics and more.

I am proud of this report and the Office's dedicated staff whose work is detailed in these pages. Please contact First Assistant Inspector General Natalie S. Monroe or me if you have any questions about this report or the work of the Office of the Inspector General.

Chair Rodrigues and Chair Michlewitz

April 26, 2023

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It is a privilege and an honor to serve the public each and every day as your Inspector General.

Sincerely,



Jeffrey S. Shapiro
Inspector General

Enclosure

cc (with enclosure, via email):

Mr. Matthew Gorzkowicz, Secretary, Executive Office of Administration and Finance
The Hon. Karen E. Spilka, President of the Senate
The Hon. Ronald Mariano, Speaker of the House
The Hon. Marc R. Pacheco, Chair, Senate Post Audit and Oversight
The Hon. John J. Mahoney, Chair, House Post Audit and Oversight
The Hon. Bruce E. Tarr, Senate Minority Leader
The Hon. Bradley H. Jones, Jr., House Minority Leader
Michael D. Hurley, Senate Clerk
Steven T. James, House Clerk
State Library of Massachusetts

INSPECTOR GENERAL COUNCIL

Christopher Walsh, Chair (Governor's appointee; term expires June 29, 2023)

Susan Terrey, Vice Chair (Secretary of Public Safety and Security's designee; statutory appointment)

Amy Crafts, Attorney General's designee (statutory appointment)

Auditor Diana DiZoglio (statutory appointment)

Comptroller William McNamara (statutory appointment)

Michael Caira (Governor's appointee; term expires June 29, 2023)

Rachel Ciocchi (Auditor's appointee; term expires December 24, 2024)

James Morris (Attorney General's appointee; term expires September 30, 2024)

OFFICE OF THE INSPECTOR GENERAL'S LEADERSHIP

Jeffrey S. Shapiro, Inspector General

Natalie S. Monroe, First Assistant Inspector General

Mary Beth Farrelly, Chief Financial Officer - Administration and Finance Division

George Xenakis, Director - Audit, Oversight and Investigations Division

Julie Lavin Flaherty, Director - Bureau of Program Integrity

Alyssa Tasha, Director - Data Analytics Division

David B. Andrews, Director - Division of State Police Oversight

Emily Pedersen, Director - Internal Special Audit Unit

Susanne M. O'Neil, General Counsel - Legal Division

Joshua L. Giles, Director - Policy and Government Division

Neil Cohen, Director - Regulatory and Compliance Division

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INTRODUCTION

As this report is being finalized for publication, I am completing the first six months of my tenure as the Commonwealth's fifth Inspector General. The report itself covers the work of the Office of the Inspector General for the Commonwealth of Massachusetts (OIG or Office) during calendar year 2022, which encompasses the final period of the 10-year statutory maximum term for my predecessor, former Inspector General Glenn A. Cunha; the nearly two-month period when the OIG was led by Acting Inspector General (and past and current First Assistant Inspector General) Natalie S. Monroe; and the first 90 days of my tenure. I am pleased to report that even with these leadership changes, there was no disruption to the oversight work conducted by the OIG. The Office continued to deliver impactful and meaningful results for the public whom we serve. The OIG's *2022 Annual Report* highlights its many collaborations, reviews, investigations and training programs, conducted under the steady guidance of these three leaders and a leadership team committed to the mission of the Office. I am certain that Glenn and Natalie join with me in celebrating the team members who worked so hard to deliver these results for 2022.

I want to offer special recognition to former Inspector General Glenn A. Cunha, who led the Office during a period of significant staffing and budget growth, oversaw the creation of several specialized divisions and produced meaningful results for the people of the Commonwealth. I also want to offer my gratitude to First Assistant Inspector General Natalie S. Monroe, who served as the Acting Inspector General from August 11, 2022, through October 2, 2022. I am most appreciative that Natalie accepted my offer to continue to serve the OIG and the public as First Assistant Inspector General, a role that she held for the past decade.

Our mission, as an independent oversight agency, is to promote good government by preventing and detecting the misuse of public funds and public property. We conduct confidential investigations, improve transparency in government, help government run more effectively, and educate government employees and the public to help government operate efficiently and use public funds appropriately.

Last year alone, the Office recovered \$1.7 million on behalf of the Commonwealth. It also provided training to more than 5,200 participants from the public and private sectors through its trainings and its Massachusetts Certified Public Purchasing Official (MCPPO) program. In addition, the Office handled 1,920 fraud hotline tips, 303 transportation-related tips and 1,466 procurement assistance calls.

While completing several projects and investigations that had begun under former Inspector General Cunha's direction, the Office has successfully transitioned into new projects, investigations and priorities. Several of these matters are described in this report; we will report on other matters in our 2023 Annual Report.

The Office will also continue its work begun last year in overseeing the billions of dollars in federal pandemic funding the Commonwealth has received. Each oversight division within the Office has

some role in monitoring and reviewing the use of pandemic-related funds. The Office has created training programs and guidance to assist entities that receive this funding and has begun investigations into potential abuse or misuse. Additionally, the Office is reviewing internal controls and monitoring plans of numerous state agencies to identify best practices for overseeing pandemic monies.

Throughout 2022, the Office continued to focus on training and education through its MCPPO program as well as from its other divisions. I will prioritize this preventative and education-related work going forward with a focus on ways that we can reach the many professionals who work in state and municipal government but have not yet participated in our training programs. While our compliance, investigation and law enforcement referrals are critical elements of deterrence, we also must engage in prevention activities in order to fully achieve the OIG's mission. Thus, our work must include robust prevention, education, training and best practices components. All jurisdictions must have public employees who understand their responsibilities and duties regarding fraud prevention, contract administration, public construction and public procurement. It is imperative to ensure that public employees know their roles, responsibilities and duties in order to safeguard the public resources they steward.

Similarly, the Office aided both state and local governments in the past year by commenting on proposed legislation and providing procurement guidance, policy reviews and investigations. The Office worked with state agencies to improve their internal controls and with municipalities to strengthen their operating rules. This collaboration among public entities is important to making sure that government efficiently and effectively delivers services.

In early January of this year, the Office issued a letter outlining its concerns about leadership at both the Executive Office of Health and Human Services and the Chelsea Soldiers' Home, now known as the Chelsea Veterans' Home. In February, the Office guided a large school district to develop contract administration processes for a school bus transportation contract, designed to ensure that the contract is successful. The Office also released a report that month about an improper contract between the Mashpee Housing Authority and its former executive director. These are just a few issues the Office has worked on since I became Inspector General, representing the types of projects we will undertake in the future.

As I look forward to my term as Inspector General, I understand that it is not our role to decide how or where public dollars are allocated or spent. But it is our charge, in partnership with other operating agencies and oversight departments, to ensure that these public dollars go to the proper agency or entity and are used for the proper purpose. There are many areas where we can have a positive impact in government, and I look forward to reporting on those accomplishments next year.

I am energized each day to do this work, for which I have been training as a public servant for over 30 years. It is an honor to serve the people of the Commonwealth, and I hope that you will agree that my gratitude for this honor is best expressed by the results that this Office delivers for the public.

Lastly, I would like to thank our dedicated OIG team, whose work is detailed throughout this report. I also want to acknowledge the OIG employees who had a significant role in drafting, editing and preparing this report: Barry Bridges, Matt Bruening, Karina Ferzoco, Josh Giles, Natalie Monroe, Jenny Rabbitt, Adam Somers, Alyssa Tasha and Nataliya Urciuoli.

ABOUT THE OFFICE

The Office of the Inspector General for the Commonwealth of Massachusetts (Office) is an independent state 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 1980 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-level Inspector General's Office in the country.

In keeping with its broad statutory mandate, among other responsibilities, the Office reviews programs and practices in state and local agencies to identify system-wide vulnerabilities and opportunities for improvement; investigates allegations of fraud, waste and abuse at all levels of government; and assists the public and private sectors to help prevent fraud, waste and abuse in government spending. In addition, the Office provides guidance to public employees and others on issues that arise under the Uniform Procurement Act, Chapter 30B of the Massachusetts General Laws, 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.

The Office currently functions on a budget of approximately \$9.5 million with about 80 employees. By contrast, it oversees more than \$120 billion in spending and 300,000 public employees at all public entities throughout the state.

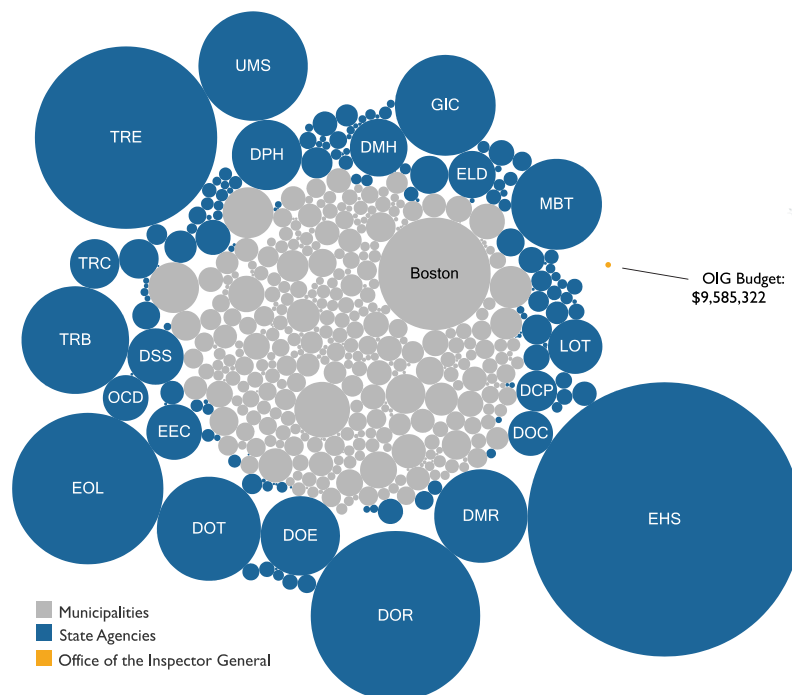


Figure 1. Comparison of Office, Municipal and State Agency Budgets.

The Office is divided into nine business units, referred to as divisions, at two locations. Each division is headed by a director. In addition to First Assistant Inspector General Natalie S. Monroe, the division directors assist the Inspector General in leading the Office. The chart below illustrates the nine divisions that existed in the Office in calendar year 2022:¹

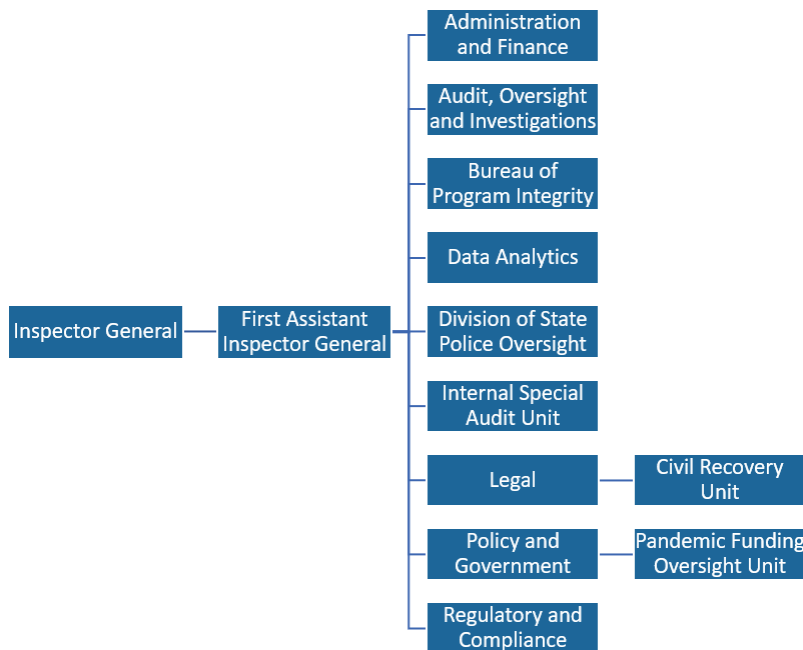


Figure 2. Structure of the Office.

Additionally, the Massachusetts Legislature created the Inspector General Council through Section 3 of Chapter 12A of the Massachusetts General Laws to aid the Inspector General in carrying out the duties and responsibilities of the Office.

Meeting with the council at least quarterly, the Inspector General may consult with council members or ask for their assistance. The council votes to approve summonses for witness testimony in Office matters and to refer cases to district attorneys' offices or other interested agencies. The council also sets the Inspector General's salary.

By statute, the Attorney General, State Auditor, State Comptroller, and Secretary of Public Safety and Security or their designees are members of the Inspector General Council. In addition, the Governor appoints two members, and the Attorney General and State Auditor each appoint one member. These appointees serve three-year terms and may be appointed to serve additional terms. The current members of the Inspector General Council are:

- Christopher Walsh, Chair (Governor's appointee)
- Susan Terrey, Vice Chair (Secretary of Public Safety and Security's designee)

¹ Thus far in 2023, the Office has established a Healthcare Unit and a Veterans' Oversight Division. These new units, and any other units established in 2023, will appear in next year's annual report.

- Amy Crafts (Attorney General's designee)
- Auditor Diana DiZoglio
- Comptroller William McNamara
- Michael Caira (Governor's appointee)
- Rachel Ciocchi (Auditor's appointee)
- James Morris (Attorney General's appointee)

OFFICEWIDE HOTLINES

The Office Responded to

3,689

Hotline Calls
in 2022

The public – including public employees – has an important role in safeguarding state and local funds. The Office therefore operates hotlines for individuals to report suspected wrongdoing. It also maintains confidential hotlines for MassDOT and MBTA employees and the general public to report suspected misuse of transportation funds, as well as a technical assistance hotline to help public employees comply with the state’s public purchasing laws.

I. Fraud, Waste and Abuse Hotlines

The Office operates a general hotline for individuals to confidentially report suspected wrongdoing in the use of public funds and assets. The Audit, Oversight and Investigations Division, with assistance from other divisions, manages the hotline. The Office also operates a specialized transportation hotline, managed by the Internal Special Audit Unit, for the public to report suspected fraud, waste and abuse related to public transportation programs and the misuse of transportation funds. The Office’s hotlines receive complaints by telephone, online form, email, traditional mail and walk-in visits.

The Office handles all hotline complaints confidentially, and individuals can choose to remain anonymous. The Office evaluates each hotline tip to determine whether it falls within the Office’s jurisdiction and whether it warrants action. Some complaints lead to in-depth investigations, some are referred to other agencies, and others are closed if a preliminary inquiry fails to substantiate the allegations.

Fraud Hotlines Help Uncover

Corruption
Theft
Time Fraud
Mismanagement
Wasteful Spending
And More

Hotline complainants have prompted investigations uncovering a wide variety of deceptive schemes involving the misuse of public assets and wasteful spending. Complaints have also led to criminal convictions, cost recoveries, civil settlements and improvements in government operations.

In 2022, the Office received and responded to 2,223 hotline complaints. The general fraud hotline received 1,920 complaints, while the transportation fraud hotline received 303. The complaints covered a variety of topics – including embezzlement, wasteful spending, mismanagement of public assets, public corruption and time theft – across all areas of government, such as education, housing, public safety, public benefits and transportation. The Office also reviewed complaints regarding the use of pandemic funds, such as the Paycheck Protection Program and the Emergency Rental Assistance Program.

Figure 3 shows the number of hotline complaints by month. Most complainants used the Office’s toll-free hotline number to report, but many used the Office’s online form or email. These three methods accounted for over 90% of all complaints in 2022.

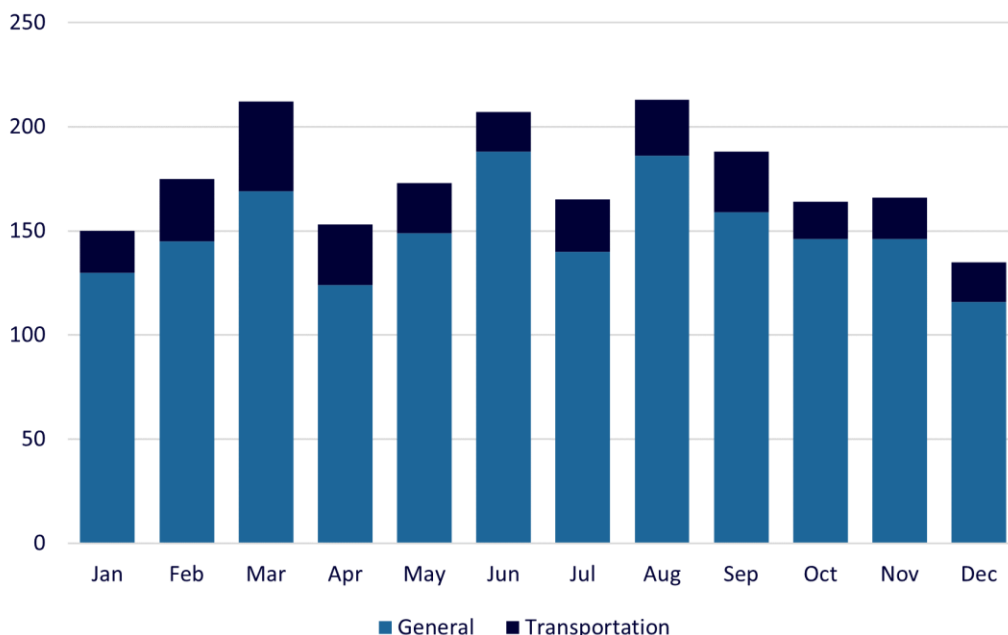


Figure 3. Hotline Complaints by Month (2022).

II. Chapter 30B Hotline²

Education and assistance are critical to improving government and safeguarding public assets. Consequently, the Office operates a technical assistance hotline to respond to questions and complaints concerning public procurement and public bidding laws, including Chapter 30B of the Massachusetts General Laws (Chapter 30B hotline). Through the Chapter 30B hotline, the Office helps state and local employees comply with bidding laws and conduct fair, open and competitive procurements. Inquiries to the Chapter 30B hotline have also led public entities to rebid contracts, strengthen procurement procedures, institute internal controls and implement other improvements. The Office accepts questions by phone, online form and email. Since 2015, the Office has fielded more than 11,000 inquiries on its Chapter 30B hotline. In 2022, the Office responded to 1,466 calls and questions about Chapter 30B, public construction bidding laws, local purchasing requirements, fraud prevention and internal controls.

² Chapter 30B of the Massachusetts General Laws, enacted in 1990, governs the purchase of supplies and services, the disposition of surplus supplies, and the acquisition and disposition of real property by cities, towns and other local jurisdictions in the Commonwealth.

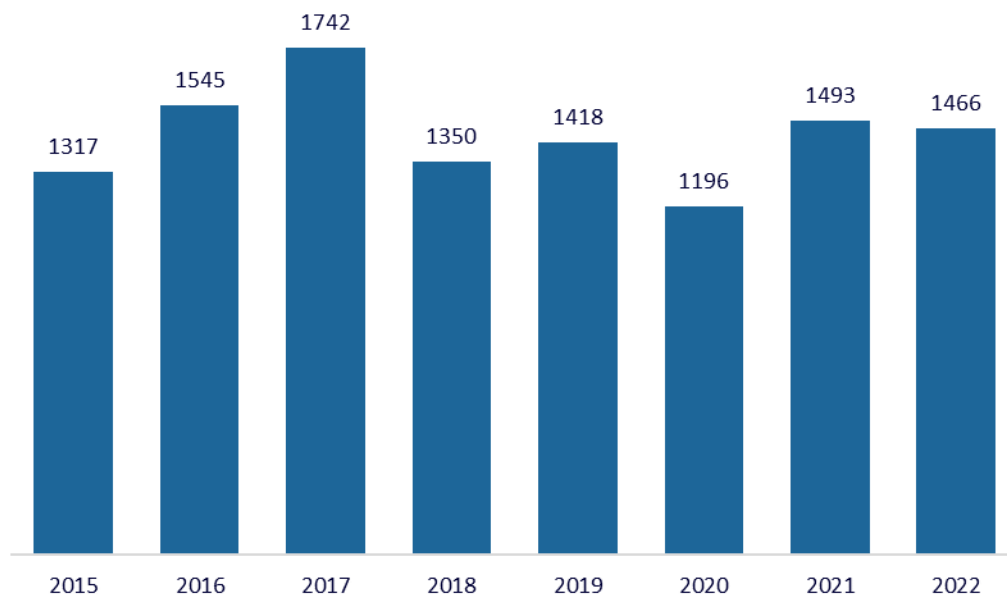


Figure 4. Chapter 30B Hotline Calls by Year.

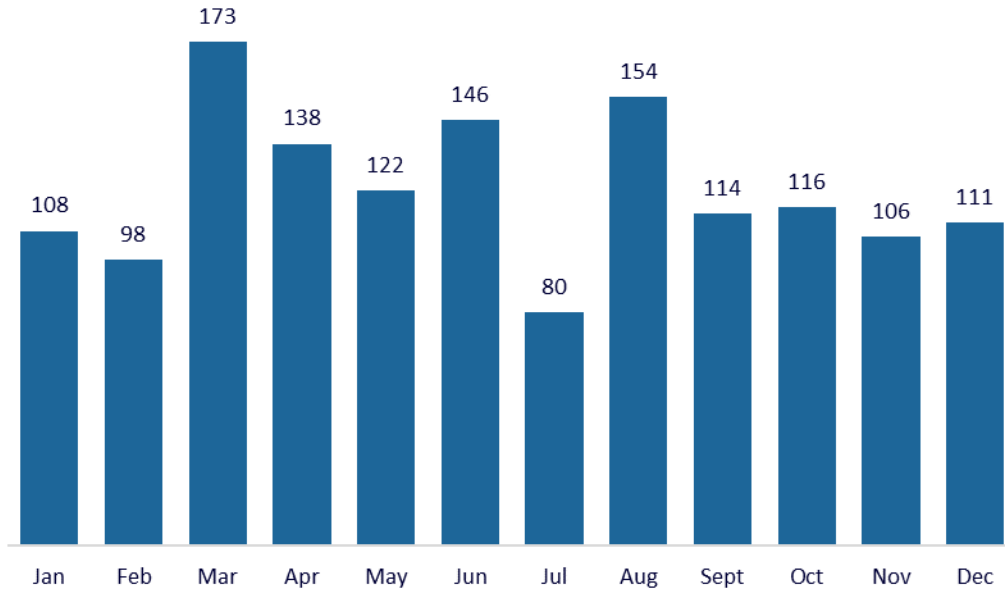


Figure 5. Chapter 30B Hotline Calls by Month (2022).

ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division (A&F Division) plays a crucial role within the Office. It provides vital support by managing the Office's finances, budgeting, human resources, information technology, operations, payroll and purchasing functions. Additionally, it fulfills key administrative duties such as case and records management.

Administration and Finance Division

Provides the Operational Infrastructure to Support the Office

Leads the Office's Diversity, Equity and Inclusion Efforts

Administers the Office's Case Management System

The A&F Division is at the forefront of the Office's efforts to recruit and retain a talented and diverse workforce. At the direction of Inspector General Shapiro, the division collaborated with the Office's Legal Division in creating a more robust onboarding process to ensure that new employees fully understand the Office's mission, vision and unique role in government, as well as how individual roles relate to the work of the entire Office. The process is also designed to give new employees a strong foundation in the Office's policies and procedures.

The A&F Division also leads the Office's diversity, equity and inclusion (DEI) initiatives and supports three fellowship programs to improve the Office's recruitment and retention efforts. The Dr. Frances Burke Diversity Fellowship for Public Service provides opportunities for motivated individuals to begin a career in public service by contributing to all aspects of the Office's work. The Justice Geraldine S. Hines Diversity Fellowship for Lawyers offers new attorneys the opportunity to develop legal skills while gaining valuable work experience. The Office also hosts a John William Ward Public Service Fellow every summer, providing public sector employment experience to a Boston Latin School student. In addition, the Office provides cooperative educational work experience for undergraduates, legal internships for law students and other opportunities that introduce students to public service.

The Office considers itself a partner in employees' professional development, with the expectation that staff members will pursue appropriate training opportunities to excel in their jobs and satisfy professional goals.

Since early 2020, the A&F Division has also played a key role in the Office's response to COVID-19. As the lead business unit of the Office's response team, the A&F Division has addressed workplace risks related to the pandemic and continues to work with the Legal Division in crafting appropriate policies and guidelines, serving as a resource for staff questions and safety concerns, and offering assistance and strategies for remote work.

As the state's independent watchdog agency, the Office recognizes the importance of strong internal controls and procedures. The A&F Division accordingly led initiatives with the Legal Division in 2022 to update the Office's personnel policies and procedures and institute a numerical officewide

bulletin system to consistently communicate updated information to Office employees in a way that can be easily referenced.

AUDIT, OVERSIGHT AND INVESTIGATIONS DIVISION

The Audit, Oversight and Investigations Division (AOI Division) investigates the misuse of public funds and assets. In addition, as part of the Office's commitment to good government, the AOI Division works with agencies and municipalities to identify needed improvements to operational and financial controls in the expenditure of public funds. The AOI Division's work spans all sectors of state and local government, including housing, education, benefits, public administration, public pensions, public works and public safety.

Audit, Oversight and Investigations Division

Investigates the Potential Misuse of Public Funds

Conducts Reviews to Identify Improvements to Government Operations

Manages the Office's Fraud Hotline

Given the breadth of the AOI Division's work, it is not surprising that the division's investigations and reviews lead to many different outcomes: referrals for criminal prosecutions, civil actions that bring money back to the Commonwealth, changes to policies and procedures, new legislation and improved internal controls. To fulfill its mission, the AOI Division works collaboratively with law enforcement agencies. Ultimately, law enforcement agencies independently determine whether the facts merit criminal charges. In 2022, the division worked on cases being brought forward by the U.S. Attorney's Office for the District of Massachusetts and partnered with federal law enforcement agencies such as the U.S. Postal Inspection Service, the U.S. Department of Labor's Office of the Inspector General, the Internal Revenue Service's Criminal Investigations Division, and the Federal Bureau of Investigation. The division also worked on cases being brought forward by the Massachusetts Attorney General's Office, partnering with the Massachusetts State Police, district attorneys' offices and local police departments.

An important source of information for the AOI Division is the Office's general fraud hotline, which the AOI Division manages. As previously discussed in this report, the Office received and responded to 1,920 general hotline calls in 2022.

In 2022, the AOI Division worked on many investigations which, based upon the Office's statutory requirements under Chapter 12A of the Massachusetts General Laws, remain confidential. This report summarizes the AOI Division's work from 2022 that has become public through public letters, indictments, reports, settlements and public recommendations for corrective measures.

I. Oversight of Pandemic Relief Funds

COVID-19 relief programs delivered more than \$5 trillion to the U.S. economy in a short period of time to minimize the economic impact of the pandemic. These federal and state programs – designed to help individuals, businesses and governments weather the economic impacts of COVID-19 – were implemented quickly and often with minimal controls, leaving pandemic funding vulnerable to fraud,

waste and abuse. Because of these risks, in the fall of 2020, the AOI Division began reviewing pandemic-related government-funded programs, including the Paycheck Protection Program, the Economic Injury Disaster Loan program, the Federal Pandemic Unemployment Compensation program and the Emergency Rental Assistance Program.

The **Paycheck Protection Program (PPP)** provided loans, guaranteed by the federal Small Business Administration (SBA), to help businesses keep their workforce employed during the COVID-19 health emergency. PPP loans enabled small businesses to cover payroll costs, including benefits, and to continue paying rent, utilities and mortgage interest. PPP loans are forgivable by the federal government if recipients use the funds for their intended purpose.

The **Economic Injury Disaster Loan (EIDL)** program provided SBA-funded operating capital to small business owners, including agricultural businesses and nonprofit organizations. EIDL loans are not forgivable.

The **Federal Pandemic Unemployment Compensation (FPUC)** program was a temporary federal program that supplemented state-administered unemployment compensation by an additional \$600 per week through July 25, 2020. The program was later extended at a reduced rate to provide an additional \$300 per week from December 27, 2020, to September 4, 2021. At that point, all federal pandemic-related unemployment supplemental benefits expired.

The **Emergency Rental Assistance Program (ERAP)** provided federal funding for eligible low-income tenants in need of emergency rental assistance during the COVID-19 pandemic. Through April 15, 2022, it offered applicants up to 18 months of help with overdue and future rents due on or after March 13, 2020, and also assisted with utility costs.

Investigations and reviews relating to these programs continued in 2022 and are ongoing.

Additionally, on September 1, 2022, the Office and the federal Pandemic Response Accountability Committee (PRAC) signed a Memorandum of Understanding to strengthen the parties' collaborative relationship and maximize enforcement of the federal laws administered by both entities. PRAC is an independent oversight committee comprised of 20 federal inspectors general. The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 created PRAC to ensure that the \$2.2 trillion of CARES Act funds – as well as over \$5 trillion provided by five additional pandemic-related pieces of legislation – is spent appropriately. The mission of PRAC aligns with that of the Office. Both aim to promote transparency and detect fraud, waste, abuse and mismanagement.

II. Cases

A. City and Town Government

1. Former Town Accountant Pleads Guilty to Stealing Funds from Four Towns

As an update to a previous report on a joint investigation with the Attorney General's Office, former town accountant Justin Cole pleaded guilty to all 18 charges filed against him, including two counts of larceny over \$1,200 and four counts of unwarranted privilege by a municipal employee.

Cole worked as the town accountant for Uxbridge and provided contracted accounting services to Monterey, Millville and Wenham through his company, Baystate Municipal Accounting Group, Inc. In July 2020, a statewide grand jury indicted Cole for embezzling more than \$729,000 between December 2012 and June 2018 from Uxbridge, Monterey and Millville. The grand jury indicted Cole on five counts of larceny over \$250, two counts of larceny over \$1,200, four counts of presentation of false claims, four counts of unwarranted privilege by a municipal employee and one count of financial interest by a municipal employee.

In March 2021, a statewide grand jury issued a second indictment, charging that, between March 2014 and February 2017, Cole stole more than \$200,000 from Uxbridge and Wenham. The additional charges comprised one count of larceny over \$250 and one count of presentation of a false claim.

In May 2022, Cole pleaded guilty to all charges, and the judge sentenced him to three years and one month in the Worcester House of Correction, followed by three years of probation. The judge also barred Cole from performing financial services for any person or entity while incarcerated or on probation.

Following Cole's release from confinement, a judge will convene a hearing on the question of restitution.

2. Former Mayor Sentenced to Federal Prison; Co-conspirators to Pay Fines, Restitution

As an update on the criminal cases involving the former mayor of Fall River, Jasiel F. Correia II, and his associates, Correia began serving a six-year sentence at a federal prison in New Hampshire in April 2022. In November 2022, the First U.S. Circuit Court of Appeals upheld his convictions on 11 criminal charges, including extortion and wire fraud.

In 2018, the U.S. Attorney's Office indicted Correia for defrauding investors in a company called SnoOwl by using company funds on vacations, entertainment and other personal expenses. In 2019, a federal grand jury also charged Correia with bribery, conspiracy to commit extortion, extortion, aiding and abetting, wire fraud and filing false tax returns. Several of the charges related to his extortion of more than \$600,000 in cash and other benefits from individuals seeking to open licensed marijuana businesses in Fall River. The indictments resulted from a joint investigation by the AOI Division, the U.S. Attorney's Office, the Federal Bureau of Investigation, the Internal Revenue Service and the U.S. Department of Housing and Urban Development's Office of the Inspector General.

Following a three-week trial, a federal jury convicted Correia on May 14, 2021, on 21 of 24 counts, including extortion, extortion conspiracy, wire fraud and filing false tax returns. During sentencing hearings in September 2021, the presiding U.S. District Court judge dismissed guilty verdicts on 10 of the 21 counts, including several convictions for wire and tax fraud. The judge sentenced Correia to six years' imprisonment on the remaining 11 criminal charges, including extortion and wire fraud. The judge also ordered Correia to forfeit \$566,740 to the government and pay \$311,340 in restitution to four individuals who invested in his company, SnoOwl. Correia, who began serving his federal prison term in April 2022, is to begin paying his court-ordered obligations 30 days after the end of his incarceration.

Also, in 2019, the U.S. Attorney's Office brought charges against three other individuals who had roles with Correia in extorting marijuana businesses. Hildegard Camara, Antonio Costa and David Hebert faced separate charges for extortion and conspiracy, as well as charges for making false statements to federal agents. All three pleaded guilty in September 2019 and cooperated with the government in Correia's prosecution.

On June 28, 2021, the presiding judge sentenced Costa to three years of probation, with the first 15 months spent under home confinement with electronic monitoring, and additionally ordered him to forfeit \$107,550 and pay a \$10,000 fine. Costa satisfied payment of the court-ordered fine and forfeiture the next month. On July 21, 2021, the judge sentenced Camara to three years of probation and 150 hours of community service. Finally, the judge handed down a three-year probationary term for Hebert, along with an order to pay a \$25,000 fine and restitution of \$61,000 by September 30, 2022.

Additionally, in March 2022, Correia's former chief of staff, Genoveva Andrade, pleaded guilty to a charge of making false statements to federal agents as she was heading to trial on several counts related to the mayor's illegal conduct. The judge sentenced Andrade to time served and one year of probation and levied a \$50,000 fine.

3. Former Town Treasurer Faces Larceny Charges

A former treasurer for the town of Stow, Pamela Landry, was arraigned on September 16, 2022, on embezzlement, forgery and other charges, following a joint investigation by the Office and the Middlesex District Attorney's Office.

Landry worked in Stow's treasurer's office for over 30 years. After starting as a financial clerk, she became assistant treasurer in 1995 and treasurer in 2005. Landry retired from the town in October 2019.

During a routine annual audit in January 2020, the town's outside auditor discovered a \$133,584 discrepancy between the balance on the treasurer's general ledger and the town's bank account balance. Through follow-up inquiries, auditors and the town administrator found evidence that Landry had allegedly stolen town funds and created fake bank statements to cover up the thefts.

The AOI Division and the Middlesex District Attorney's Office found further evidence that over several years Landry allegedly stole town funds by writing checks to herself without the approval or knowledge of the town.

Landry was arraigned in Concord District Court on several charges: one count of larceny of property over \$1,200, one count of fiduciary embezzlement, one count of making a false claim to a government agency, one count of forgery of a document, one count of forgery of checks and one count of uttering a false check.

On December 19, 2022, the Commonwealth amended the charges, replacing the count of fiduciary embezzlement with a charge of larceny over \$250.

Landry's next appearance in Concord District Court is scheduled for June 5, 2023.

Landry is presumed innocent unless and until proven guilty in court.

4. Town Addresses Informal Compensatory Time Policies

After receiving a hotline tip, the AOI Division reviewed allegations that the town of Shrewsbury paid a former employee of its Water and Sewer Department while he simultaneously operated a private business. The AOI Division found that the employee performed work at customers' homes; purchased materials; and spent a considerable amount of time communicating with customers, subcontractors, employees and suppliers while being paid by the town. Furthermore, the AOI Division found that the employee used town resources, such as the town's email system, document scanner and printer, to operate his private business.

During its investigation, the AOI Division also learned that the town's Water and Sewer Department had an unapproved, unwritten compensatory time policy that conflicted with town policy and collective bargaining agreements. The AOI Division found that town administrators were unaware of the policy, and that the Water and Sewer Department did not keep records of employees' accrual or use of this leave time.

In its letter to the town, the Office recommended that the town take the following actions:

1. Ensure that the Water and Sewer Department and other town departments do not have unwritten or informal leave or compensatory time policies;
2. Strengthen its oversight and control of employee timekeeping by accurately tracking employees' start and end times worked, requiring employees to review and certify that their timesheets are accurate, and requiring supervisors to review and approve employees' timesheets;
3. Train employees on proper timekeeping procedures and the town's leave policies;
4. Require all town employees to disclose all outside employment and businesses, and review all outside employment disclosures to ensure that the activity does not violate state ethics laws and is not in conflict with the employee's town duties; and
5. Amend its technology acceptable use policy to include language explicitly prohibiting the use of town email and information technology equipment for personal business purposes, and train all employees on the policy.

In response to the Office's letter, the town stated it has taken, or is in the process of taking, the following actions:

1. Confirming with its department heads that no other informal compensatory time policies exist;
2. Implementing a new time entry procedure for its Department of Public Works in which employees' time is reviewed and approved by a supervisor, and exploring a town-wide enhanced timekeeping system for all employees;
3. Creating a comprehensive training program for its employees that includes policies and procedures related to timekeeping and appropriate uses of leave time;

4. Updating its technology acceptable use policy; and
5. Requiring all employees to disclose outside employment each year.

B. Housing

1. Former Nonprofit CEO Pleads Guilty to Embezzling Nearly \$1.5M

The AOI Division conducted a joint investigation with the Attorney General's Office that led to the indictment of Manuel Duran, the former CEO of Casa Nueva Vida, Inc. (CNV), for embezzling nearly \$1.5 million from the organization between 2012 and 2021. In September 2022, Duran pleaded guilty to four counts of perjury, three counts of larceny and two counts of making false entries in corporate books.

CNV, a nonprofit organization that was largely state funded, operated shelters in Boston and Lawrence to aid families experiencing homelessness, specializing in services for single Latina mothers and their children. Duran used several schemes to steal from CNV, which received almost all of its funding through contracts with the Commonwealth. In one instance, Duran leased a shelter using a shell corporation and then sublet the shelter to CNV at an inflated cost. Using this scheme, Duran diverted more than \$1.1 million in CNV funds to himself between 2014 and 2021.

In a separate scheme, at various times between 2012 and 2020, Duran created fake invoices from three vendors – purportedly for renovations, lead abatement and asbestos abatement – at properties that CNV owned or leased. In his role as CEO, Duran then approved the invoices. The joint investigation revealed, however, that the vendors never performed the work. Instead, Duran cashed the checks to the purported vendors. Duran approved 16 payments to the purported vendors, amounting to more than \$242,000.

Between 2014 and 2019, Duran stole an additional \$140,831 from CNV by depositing into his own bank account paychecks issued to a CNV seasonal maintenance employee who never performed any work.

In September 2022, Duran pleaded guilty to all charges, and the court sentenced him to one year in the Suffolk County House of Correction and four years of probation with the conditions that he complete 250 hours of community service and no longer work as a fiduciary or in transitional housing. The court also ordered Duran to pay restitution at an amount to be determined at a hearing set for May 10, 2023.

2. Housing Authority's Consulting Contract with Former Executive Director Prompts Recommendations

The AOI Division reviewed a 2020 consulting contract between the Mashpee Housing Authority (MHA) and its former executive director, Leila Botsford. The AOI Division found that Botsford engaged in self-dealing and violated state procurement laws as executive director when she arranged for the MHA to hire her as an independent contractor upon her retirement. Moreover, the AOI Division determined that MHA board members failed to review the contract before voting to approve it and did not exercise proper oversight of the procurement.

Additionally, the AOI Division found that when the MHA terminated the consulting contract in March 2021, someone accessed the authority's computer system without authorization, scheduled nearly \$112,000 in direct deposit payments to Botsford, forwarded attorney-client privileged emails to Botsford, and changed the email contact information on an MHA bank account to Botsford's personal email address. MHA was able to cancel the scheduled payments before they went through.

Based on the review, the Office made the following recommendations to MHA for corrective actions and preventative measures:

1. Require all board members to complete training on their oversight role and contract administration;
2. Share information about Botsford's consulting contract with the State Ethics Commission to determine whether she violated state conflict of interest laws;
3. Review and update MHA policies and procedures relating to procurement and contracting;
4. Review Department of Housing and Community Development (DHCD) regulations and policies for contracting with executive directors;
5. Retain legal counsel to review contracts as needed;
6. Ensure that all contracts meet procurement requirements and are financially sound;
7. Require that board members review all contracts and periodically analyze contract costs;
8. Comply with state conflict of interest laws; and
9. Update and maintain security standards and policies to ensure the safety of housing authority records and IT resources.

C. Pandemic Relief Funds

1. Nonprofit Founder Allegedly Diverts Public Funds

The AOI Division conducted a joint investigation with federal agencies into a Taunton couple who allegedly filed fraudulent claims to obtain Pandemic Unemployment Assistance (PUA) funds and illegally diverted donations meant for their Boston-based nonprofit organization.

In March 2022, a federal grand jury indicted Monica Cannon-Grant and Clark Grant, two founders of the nonprofit Violence in Boston. Founded in 2017, Violence in Boston's stated purpose is to reduce violence and to raise social awareness about the causes of violence and the impact it has on underserved communities.

Clark Grant died on March 29, 2023. The 18-count federal indictment against the remaining defendant, Cannon-Grant, alleges that she defrauded the Massachusetts Department of Unemployment Assistance by submitting false documents to obtain PUA benefits that she was not entitled to receive. The indictment further alleges that Cannon-Grant illegally diverted Violence in Boston donations and grants from the City of Boston to pay for car repairs, groceries, a vacation and other personal expenses.

The indictment asserts that Cannon-Grant concealed her criminal conduct from Violence in Boston's donors as well as from its other officers and board members.

The indictment charges Cannon-Grant with 13 counts of wire fraud, two counts of wire fraud conspiracy, one count of mail fraud, one count of conspiracy and one count of making false statements to a mortgage lending company.

No trial date has been set.

The charges are allegations, and the defendant is presumed innocent unless and until proven guilty in court.

The indictment resulted from a collaboration with the U.S. Attorney's Office, the U.S. Postal Inspection Service, the U.S. Department of Labor's Office of the Inspector General and the Internal Revenue Service's Criminal Investigations Division.

D. Public Pensions

1. Former Headmaster to Repay Excessive Post-Retirement Earnings

The AOI Division reviewed the post-retirement employment of former Boston Public Schools Headmaster Linda Nathan and determined that she violated the earnings limitations in Section 91 of Chapter 32 of the Massachusetts General Laws (Section 91). In April 2022, following the Office's review, Nathan agreed to repay the Boston Retirement Board \$34,498.

Massachusetts law limits the amount an individual who retires from public service can subsequently earn from a public entity. This reflects a policy decision that an individual should not earn more from the state as a retiree than they would earn by continuing their pre-retirement work. Consequently, Section 91 limits the amount retirees can collect from post-retirement earnings from a public entity to the difference between the retiree's yearly pension and "the salary that is being paid for the position" that the individual held when they retired.³ The law allows retirement boards to collect the overage if a retiree violates this earnings cap.

In September 2014, Nathan retired from the Boston Public Schools after working in the public sector for more than 32 years. The Retirement Board calculated Nathan's initial annual pension as \$103,842, and shortly after she retired, she began receiving a monthly pension of \$8,654.

In November 2015, Nathan accepted a full-time position as executive director of the Center for Artistry and Scholarship (CAS), a nonprofit organization established by the Conservatory Lab Charter School (CLCS or school), a public school that receives public funding.

As CAS's executive director and one of CLCS's top decision makers, Nathan earned \$150,000. She drafted budgets, provided program evaluations and served as the charter school's public spokesperson. Documents created in 2017 and 2018 – before Nathan's Section 91 compliance came under scrutiny –

³ M.G.L. c. 32, § 91.

state that during her first two years at CAS, Nathan devoted the majority of her time to the school. In fact, in December 2017, Nathan told the Department of Elementary and Secondary Education (DESE) that during the 2016-2017 school year she spent 75% of her time on school business. She also told DESE she continued to spend 60% of her time on school business during the 2017-2018 school year.

The AOI Division found that as CAS's executive director, Nathan received payment to provide services to the school, a public entity. As a result, Nathan's earnings were subject to the limits in Section 91. Based on Nathan's self-reporting of time spent conducting CLCS business, the Office concluded that Nathan's overearnings totaled \$67,979 for the years 2016 to 2019.

In its letter, the Office recommended that the Boston Retirement Board review Nathan's earnings, calculate her overearnings and reduce Nathan's pension until she has repaid the overearnings.

In October 2021, the Boston Retirement Board held a hearing to determine the amount of Nathan's overearnings. The hearing officer issued his decision in March 2022. The Board voted to approve a \$34,498 settlement on April 27, 2022, which Nathan subsequently agreed to repay.

2. Indictment Alleges Improper Collection of Pension Payments

On December 20, 2022, following a joint investigation by the AOI Division, the Attorney General's Office and the Massachusetts State Police, a Hampden County grand jury issued an indictment charging Robert Dombek with one count of perjury and one count of larceny over \$1,200. According to the allegations in the indictment, Dombek committed perjury when he filed an affidavit with the Hampden County Retirement Board falsely claiming that a retired public employee who had died earlier in 2019 was still alive. Dombek also claimed the deceased man had given him power of attorney to collect his pension. As a result of Dombek's statements, the Board resumed the retired public employee's pension payments. Between November 2019 and September 2020, Dombek allegedly improperly collected \$27,111 from the Pension Board.

On January 23, 2023, Dombek failed to attend his arraignment and the judge issued a warrant for his arrest.

Dombek is presumed innocent unless and until proven guilty in court.

E. Public Safety

1. Arbitrator Invalidates Police Department Contract

As an update to the AOI Division's review of two police department contracts that the Methuen City Council and its former mayor approved in 2017, an arbitrator agreed with the Office's findings questioning their enforceability. The contracts provided large raises for the department's superior officers – its sergeants, lieutenants and captains – as well as for the department's longtime chief, Joseph Solomon.

The AOI Division found leadership failures at multiple levels of city government. Then-Mayor Stephen Zanni approved unprecedented changes to the superior officers' contract without considering their potential financial impact. These changes significantly increased the superior officers' total

compensation. In addition, the AOI Division found that the president of the superior officers' union, Captain Gregory Gallant, revised the superior officers' contract after the union had ratified it, making changes that city officials had not agreed to. Then, Mayor Zanni signed the contract without reading the entire document or asking the city's solicitor or auditor to review the terms. The City Council also did not review the contract before voting to approve it. The changes Mayor Zanni approved, combined with Captain Gallant's alterations, resulted in 35% to 183% raises for superior officers.

Furthermore, the Office found that then-Chief Solomon knew about Captain Gallant's changes and violated his obligations to the city when he remained silent. Gallant's changes also indirectly but substantially increased the chief's salary, making him one of the highest paid police chiefs in the country.

Unable to afford the raises in the contract, the city never implemented it. Instead, the city negotiated a memorandum of understanding (MOU) with the superior officers' union, which was less expensive than the 2017 contract but more costly than the previous contract signed in 2014. In February 2019, the Office issued a public letter recommending that the City Council rescind the superior officers' 2017 contract and questioning whether the MOU was enforceable. In response, the city reverted to paying the superior officers under their 2014 contract.

After the Office issued its [December 2020 report](#), Methuen's new mayor, Neil Perry, immediately placed Chief Solomon and Captain Gallant on paid administrative leave. Shortly thereafter, in January 2021, Chief Solomon announced his retirement.

After the city reverted to the 2014 contract, the union filed a grievance against the city, seeking to enforce the 2017 contract. In January 2022, an arbitrator agreed with the Office's findings and ruled that the 2017 contract was not binding on the city, upholding the city's decision not to pay the salaries set out therein. Methuen officials estimated that canceling the 2017 contract saved the city \$3.7 million.

F. Other Matters

The AOI Division continued or initiated a significant number of matters in 2022 that remain active but are not public based upon the statutory confidentiality of the Office's investigations.

BUREAU OF PROGRAM INTEGRITY

The Office's Bureau of Program Integrity (BPI) oversees the agencies and programs within the Massachusetts Executive Office of Health and Human Services (EOHHS), the Commonwealth's largest secretariat made up of 11 agencies and the Office of Medicaid.⁴ BPI's 2013 enabling statute, Section 16V of Chapter 6A of the Massachusetts General Laws, requires BPI to monitor the quality, efficiency and integrity of programs administered by EOHHS agencies. BPI operates with a budget of \$743,000 and a staff of five. By comparison, EOHHS has a \$30 billion budget and 22,000 employees.

Bureau of Program Integrity

Recommends Improvements for EOHHS Agencies and Programs

Collaborates with EOHHS Agencies Regarding Operations and Practices

Conducts Reviews and Investigations within EOHHS

While maintaining its independence, BPI takes a collaborative approach to its mission of preventing and detecting fraud, waste and abuse in the expenditure of public funds. BPI has an ongoing statutory obligation to coordinate with the Program Integrity Division of EOHHS's Department of Transitional Assistance (DTA) and to consult with DTA regarding eligibility processes and fraud detection. Moreover, BPI works to facilitate data matching among state agencies. BPI makes recommendations based on its reviews and investigations and then assists agencies with implementing those recommendations.

To fulfill its mandate, BPI relies on information that the public communicates through several avenues, including the Office's fraud hotline. In 2022, BPI responded to 44 complaints and concerns regarding EOHHS agencies and programs. Of those, 22 led to an investigation, review or other action consistent with BPI's mandate. While BPI's work in 2022 spanned several EOHHS agencies and programs, most of the year's work related to the Commonwealth's Veterans' Homes in Holyoke and Chelsea. The Veterans' Homes were previously referred to as Soldiers' Homes before their names were changed by Chapter 144 of the Acts of 2022 (Chapter 144). The Office uses the historical term "Soldiers' Homes" in some parts of this report since the described events occurred before March 1, 2023, the effective date of Chapter 144's name change.

In 2022, in addition to addressing issues concerning the Veterans' Homes, BPI continued its work with DTA, the Department of Children and Families (DCF) and the Department of Developmental Services (DDS). BPI also continued its oversight of pandemic relief funds with DDS and the EOHHS administration.

⁴ The Office of Medicaid administers MassHealth, which pays for healthcare services such as doctor visits, hospital stays, rehabilitation and therapeutic services for qualifying low- and moderate-income individuals.

I. Executive Office of Veterans' Services and the Veterans' Homes

The Executive Office of Veterans' Services (EOVS) was formerly known as the Department of Veterans' Services (DVS). Chapter 144 elevated the Department of Veterans' Services to a Cabinet-level secretariat. EOVS "acts as the primary advocate for all of the Commonwealth's veterans" and "provides ... veterans and their families with quality support services and directs an emergency financial assistance program for those veterans and their dependents who are in need."⁵ It also oversees the Commonwealth's Veterans' Homes in Chelsea and Holyoke (Homes).

On April 29, 2022, the Office issued a report, *Holyoke Soldiers' Home, May 2016 to February 2020*, that focused on leadership, management and oversight. The report identified critical shortcomings in the management of the Holyoke Soldiers' Home (Home) during the time period reviewed, and reiterated concerns that DVS and EOHHS had raised regarding supervision and oversight by former Superintendent Bennett Walsh. The report also outlined a comprehensive blueprint for lasting improvements.

In addition, on August 5, 2022, the Office sent a letter to then-DVS Secretary Cheryl Lussier Poppe regarding the fiscal management by the Holyoke Soldiers' Home Board of Trustees (Board) and fiscal practices within the Home. The Home and the Board are public entities. Thus, any monies they manage are public funds, with both entities needing legislative authorization to hold, spend or invest the funds under their control. However, the Office found that the Board and the Home did not have the statutory authority to hold, spend or invest donations and did not consider them to be public funds.

The Office also found that the Home did not have statutory authority to operate a canteen or to hold or spend money received therefrom.

The Office further determined that the Board and the Home had few internal fiscal controls, with no segregation of duties relating to these public funds. In the letter, the Office outlined what the Board and the Home must do to safeguard the public funds and comply with state law. Specifically, the Board and the Home must comply with applicable state finance and procurement laws and seek legislative authority to hold, spend and invest funds. Furthermore, as stewards of public funds, the Board and the Home must demonstrate transparency and accountability, implement internal controls consistent with the public trust and follow public purchasing laws.

Based on the findings in the April 2022 report and August 2022 letter, BPI collaborated with the Office's Policy and Government Division to comment on proposed legislation to reform the structure, governance and oversight of both the Holyoke and Chelsea Soldiers' Homes. The Office made several recommendations to lawmakers, including that they (1) implement critical changes to the Homes' clinical oversight, governance structure and management practices; (2) create an ombudsperson and

⁵ MASS. EXEC. OFC. OF VETERANS' SERVS., <https://www.mass.gov/orgs/executive-office-of-veterans-services> (last visited April 21, 2023).

hotline to receive and address complaints about the Homes; and (3) establish a new mandate and appropriate funding for the Department of Public Health (DPH) to provide ongoing clinical oversight and support for the Homes. The Legislature adopted many of the Office's proposals when it passed "An Act Relative to the Governance, Structure and Care of Veterans at the Commonwealth's Veterans' Homes," also known as Chapter 144, on August 4, 2022.

As the Office recommended, Chapter 144 directed that veterans' services transition out of EOHHS. As of March 1, 2023, DVS became the Executive Office of Veterans' Services, with a secretary reporting directly to the Governor. Importantly, the Legislature also created a clear chain of command for the Homes' superintendents, placing the authority to hire and remove the superintendents in one individual – the EOVS secretary. Chapter 144 also reconfigured both Homes' Boards of Trustees and created the Veterans' Home Council, an advisory body for the new EOVS secretary. The Legislature required that DPH conduct inspections at the Veterans' Homes to ensure that they meet the same licensure requirements as private, long-term care facilities. Finally, the Legislature created an independent Office of the Veteran Advocate to oversee the services that the Commonwealth's veterans receive. For several months in 2022, BPI consulted with EOHHS and DVS in monitoring the legislation's implementation.

In October 2022, BPI learned that EOHHS had completed numerous investigations into the Chelsea Soldiers' Home. In their reports, EOHHS investigators documented compelling evidence of serious leadership failings at the Home. The EOHHS investigators found inadequate conditions for veterans and a dysfunctional work environment for employees. They further concluded that the superintendent displayed a lack of candor when questioned about the Home and his own conduct. Many of these issues echoed those that the Office found at the Holyoke Soldiers' Home between 2016 and early 2020. Indeed, the Office designed many of the recommendations in its April 2022 Holyoke report to prevent the type of issues that EOHHS found at the Chelsea Soldiers' Home in the summer and fall of 2022.

On January 3, 2023, the Office sent a letter to then-EOHHS Secretary Marylou Sudders regarding the findings from the EOHHS investigative reports. The Office raised concerns that EOHHS had failed to take appropriate action to address those findings; it also raised concerns that the Chelsea leadership lacked the capacity and integrity to manage the Home. The Office urged Secretary Sudders to provide a complete, transparent briefing to the incoming Healey administration regarding the EOHHS investigations and the leadership failings at the Chelsea Soldiers' Home.

The Office has continued to work with the Healey administration, including the new secretaries of EOHHS and EOVS, on these and other issues relating to both Homes.

II. Department of Transitional Assistance

The Department of Transitional Assistance (DTA) "assists and empowers low-income individuals and families to meet their basic needs, improve their quality of life, and achieve long-term economic

self-sufficiency.”⁶ For eligible individuals and families, DTA administers public benefit programs that provide economic assistance, including the Emergency Aid for the Elderly, Disabled and Children (EAEDC) program and the Transitional Aid to Families with Dependent Children (TAFDC) program. DTA also administers food assistance through the Supplemental Nutrition Assistance Program (SNAP). DTA has an annual budget of approximately \$156 million.

A. Program Integrity

In 2021, BPI recommended that DTA set a clear “tone at the top” by communicating that program integrity is a priority for the agency. BPI further recommended that DTA train its case managers on current best practices for identifying and responding to suspicious information that benefit recipients provide during benefit application and redetermination processes. However, DTA did not implement a training program in 2022. BPI also found during visits to local offices that staff did not have a sound understanding of DTA’s Program Integrity Division, which investigates potential program integrity violations by benefit recipients, such as misrepresenting their identity or their income. BPI accordingly once again recommended that the agency implement a training program for local office staff on program integrity and the work of the Program Integrity Division. BPI agreed to help DTA plan and implement this training.

In 2022, BPI assisted DTA in identifying DTA benefit recipients who did not report their income from the Pandemic Unemployment Assistance (PUA) benefits that they received from the Department of Unemployment Assistance (DUA). BPI facilitated meetings and shared information to help DTA develop a clear understanding of DUA data and PUA benefits. In addition, BPI provided consultation, in accordance with its enabling statute, while DTA determined whether the benefit recipients’ failure to report the PUA benefits was a program violation. DTA determined that most of the benefit recipients who failed to report their PUA benefits did not commit a program violation. DTA worked with the Bureau of Special Investigations at the Office of the State Auditor to hold recipients accountable for program violations and overpayments in appropriate circumstances.

In 2021 and 2022, DTA experienced an uptick in electronic fraud schemes, many of which related to vulnerabilities in DTA’s online application processes, and BPI helped DTA address these schemes. In addition, BPI worked with DTA to respond to an increase in “skimming,” a fraud scheme that occurs when third parties create fake replicas of electronic benefit transfer (EBT) cards. EBT is an electronic system that allows benefit recipients to access their benefits with a card that functions like a debit card, deducting amounts from recipients’ benefits accounts to pay retailers. With fake EBT cards, fraudsters steal benefits and often drain the benefits stored on recipients’ cards within a short period of time. In addition to constituting criminal activity, this can have immediate and significant impacts on the lives and well-being of benefit recipients.

⁶ MASS. DEPT. OF TRANSITIONAL ASSISTANCE, <http://mass.gov/orgs/departments-of-transitional-assistance> (last visited April 21, 2023).

Finally, BPI recommended that DTA document procedures for identifying and investigating these new fraud schemes. DTA responded favorably to these recommendations by updating its standard operating procedures and agreed to add new procedures in July 2023.

B. Quality Data Management

In 2020 and 2021, BPI raised concerns about the poor quality of data in the database DTA managers use to enter eligibility information and manage benefit recipients' cases. Data quality is a longstanding vulnerability for DTA, and BPI recommended that DTA focus additional resources on quality management. BPI emphasized that poor data quality creates fraud vulnerabilities and undercuts DTA's ability to implement, evaluate and improve benefit programs.

Specifically, BPI recommended that DTA implement regular data monitoring processes and continuously evaluate and improve its data collection. In 2022, DTA reorganized its approach to quality management and expanded the oversight responsibilities of its quality managers. In addition, DTA implemented targeted reviews to identify data quality issues and eliminated some obsolete data fields in its eligibility database. These were positive steps. However, as discussed below, DTA has more work to do.

Also in 2022, BPI followed up to identify DTA's ongoing data quality vulnerabilities. BPI identified the same types of data errors that it found in previous quality reviews, including obviously incorrect dates in key fields, as well as misspelled, vague or nonsensical employer names. BPI reiterated previous recommendations to address these vulnerabilities, including the recommendation that DTA conduct regular data scans to detect and correct obvious errors and improve supervisors' quality control at the point of data entry. In addition, BPI recommended that DTA develop performance management and training strategies to improve data quality. DTA agreed to facilitate ongoing meetings with the senior managers who are responsible for quality and performance management so that BPI could continue to discuss these recommendations and their implementation.

C. Emergency Aid for Elderly, Disabled and Children Program

In 2021, BPI evaluated the quality, integrity and efficiency of the intake and eligibility determination process for applicants to the Emergency Aid to the Elderly, Disabled and Children (EAEDC) program, which provides cash benefits to certain categories of low-income recipients, including those who are over 65 years old or who have a disability. Starting in 2020, DTA allowed recipients to self-declare their disability to qualify for EAEDC. Previously, applicants who sought benefits on the basis of a disability had to provide detailed medical information and undergo an independent medical evaluation. As a result of the rule change, recipients could simply assert that they met eligibility criteria and case managers did not verify that information. In other words, when recipients claimed to be disabled, they did not have to present any proof of disability. BPI recommended that DTA eliminate self-declarations of disability and require recipients to submit documentation to verify their eligibility. DTA agreed with this

recommendation and, starting in January 2022, implemented a new medical provider form that required benefit recipients to have a medical provider attest to their disability.

From August through October 2022, BPI conducted a follow-up review at local DTA offices. BPI assessed DTA's adaptation of the EAEDC eligibility processes to the agency's new hybrid work model and evaluated the forms used during that process, including the new medical provider form that DTA had implemented. BPI concluded that case managers had used the medical provider form consistently and appropriately and that DTA had significantly reduced its reliance on self-declarations except in extraordinary circumstances. However, BPI found that some EAEDC eligibility processes that had worked well before the COVID-19 pandemic did not translate well in DTA's current hybrid work model. For example, BPI found that it was difficult for case managers to explain specific forms to recipients without reviewing them in person, line by line. BPI also found case managers were unclear about whether it was their responsibility to identify and follow up when benefit recipients provided questionable information about their identity, residence, income or other eligibility criteria.

As a result of these findings, BPI recommended that DTA:

1. Complete the process of eliminating all interim COVID-19 policies and reinstating requirements for submitting proof of eligibility for EAEDC;
2. Guided by model forms from other states, simplify and condense key EAEDC eligibility forms to make them easier to understand and more accessible for remote applicants;
3. Streamline the EAEDC application and eligibility processes to make them more efficient and effective within the hybrid work model; and
4. Provide ongoing training for case managers on their responsibilities to evaluate eligibility information and to write clear and complete case notes.

DTA responded positively to these recommendations and promptly issued new guidance to case managers about eligibility processes and how to use and review the medical provider form. In addition, DTA indicated that it would eliminate its interim COVID-19 policies by mid-2023. However, DTA indicated that updating its forms and streamlining its online application and eligibility processes would require more time, development and coordination within the agency.

D. Electronic Benefits Services

Since 2015, BPI has been monitoring DTA's administration of the EBT services contract. As discussed, EBT is an electronic system for distributing benefits on cards that function like debit cards.

DTA contracts with a vendor for EBT services, which include administering EBT cards, maintaining the retailer payment system and networking with banks. DTA's EBT services also include collecting and storing data on food purchase transactions and assisting with detecting fraud, waste and abuse.

While monitoring DTA's administration of the EBT services contract over the past several years, BPI identified many risks tied to the performance of Conduent, DTA's EBT services vendor. In addition, BPI found that DTA was neither managing the contract effectively nor holding Conduent accountable for poor performance. BPI worked closely with DTA to improve its approach to contract management.

In 2022, DTA reported that it would execute a contract with a new EBT services vendor in 2023. As a result, BPI met with DTA's senior leadership to make recommendations about DTA's implementation and management of the new contract. BPI recommended that DTA coordinate its contract administration with an internal cross-disciplinary team and establish clear goals and procedures for its governance; that DTA set strict standards and hold the vendor accountable for service outages and data quality issues; and that DTA optimize the EBT vendor's fraud detection capacity and focus on specific ways that the vendor can help prevent the misuse of EBT cards.

DTA agreed with BPI's recommendations and acknowledged the important lessons learned from the Conduent contract. However, DTA did not implement the recommendations immediately due to delays related to the execution of the new EBT services contract.

III. Department of Developmental Services

The mission of the Department of Developmental Services (DDS) is to "create, in partnership with others, innovative and genuine opportunities for individuals with intellectual and developmental disabilities to participate fully in their communities and meaningfully engage as valued members."⁷ DDS administers community-based residential programs, including group homes and other shared residences, with the assistance of nonprofit human services agencies that serve as vendors and receive state and federal funds. DDS has an annual budget of \$1.95 billion.

A. Vendor Management

BPI worked collaboratively with DDS in 2022 to develop contract administration infrastructure and to use data to evaluate and manage vendor services, including coordinating with other EOHHS agencies to address any shared concerns about vendors that provide services to multiple agencies. For example, DDS created its own data warehouse to increase its capacity to monitor vendors' operation of group homes.⁸ In addition, DDS now uses data analytics to identify unusual billing patterns that may trigger reviews of billing and service delivery.

BPI also continued to support DDS in addressing complaints and concerns about specific vendors. BPI assisted DDS's internal program integrity division, known as the DDS Bureau of Program

⁷ MASS. DEPT. OF DEV. SERVS., <http://mass.gov/orgs/departments-of-transitional-assistance> (last visited April 21, 2023).

⁸ DDS's data warehouse is a large electronic database of aggregated data, including billing data from vendors and data from other sources, that DDS organized into a central location. DDS uses the data warehouse to inform investigations, analyses and management decisions.

Integrity (DDS BPI), with reviewing billing and insufficient backup documentation from one particularly egregious vendor. BPI advised DDS on ways to hold this vendor accountable while improving contract administration.

In 2020 and 2021, BPI encouraged DDS to improve contract administration practices by breaking down internal silos at the agency and promoting holistic, agency-wide problem-solving. In response, DDS has engaged in “special licensing reviews,” which are agency-wide collaborations to review vendor services. These collaborations have included designees from DDS BPI, the DDS quality management team, the DDS investigations unit and DDS regional and area leadership. In 2022, BPI recommended that DDS continue to improve contract administration and vendor management by:

1. Standardizing and documenting best practices for contract administration and fiscal monitoring; and
2. Continuing to develop data analytics tools, resources and capacity to monitor and manage DDS vendors.

DDS agreed with these recommendations and took steps to implement them. For example, DDS continued to develop data reports to monitor DDS vendors and partnered with the information technology division of EOHHS on other initiatives to increase their access to and capacity for using data.

BPI also encouraged DDS to expand its partnerships with other state agencies to support vendor management. To help DDS implement this recommendation, BPI facilitated communication with the Commonwealth’s Operational Services Division (OSD) and helped DDS learn more about how to use vendors’ Uniform Financial Reports (UFR) for vendor management. The UFR is the set of financial statements and schedules that human services vendors must file with OSD on a yearly basis.

In addition, BPI held several meetings with DDS and the Department of Mental Health (DMH) to facilitate coordination between the agencies as they worked together to follow up on audit findings issued in December 2021 by the Office of the State Auditor (OSA) regarding the Center for Human Development (CHD). CHD is a nonprofit in western Massachusetts that administers programs for both DDS and DMH. In its 2021 audit report, the OSA identified issues with (1) how CHD addressed human rights complaints from DDS and DMH participants; and (2) how CHD managed the Social Security income of its residents. Throughout 2022, BPI helped DDS and DMH coordinate the corrective actions required for CHD to respond to these findings.

B. State-Operated Group Homes

In 2022, BPI continued to monitor DDS as it addressed BPI’s past concerns about DDS’s failure to monitor overtime and compensatory time for group home employees. In response to BPI’s recommendations, DDS advanced its capacity to use data analytics to manage payroll risks. DDS collaborated with EOHHS’s Human Resources Analytics Unit (EOHHS HR) to monitor the data that DDS staff enters in the agency time-and-attendance system and to track payroll trends. DDS BPI analyzed

these payroll reports to identify and review outliers. For example, DDS BPI reviewed data to determine whether any group home managers, who generally should not earn overtime pay, might nevertheless be receiving overtime pay. In addition, DDS collaborated with EOHHS HR to develop reports that monitor compensatory time and to modify the time-and-attendance database so that employees who work extra hours earn overtime pay as a first option instead of accumulating compensatory time.

BPI also recommended that DDS monitor the quality of data entered in the payroll system. DDS accordingly implemented a policy requiring two staff signatures to verify that group home employees attend their shifts and to approve payroll.

For DDS to continue to address vulnerabilities related to state-operated group homes, including payroll-related risks, BPI recommended that DDS continue to expand its data analytics capacity and monitoring activities. BPI also recommended that DDS document its monitoring processes and emerging best practices and integrate them into its internal control plan. DDS agreed with these recommendations and indicated that they were continuing to expand their utilization of data analytics tools and dashboards to monitor payroll data on an ongoing basis.

IV. Department of Children and Families

The Department of Children and Families (DCF) “works in partnership with families and communities to keep children safe from abuse and neglect.”⁹ DCF responds to reports of abuse and neglect of children, many of which come from mandated reporters such as educators, health care providers and law enforcement officers. DCF maintains round-the-clock intake processes to screen these reports and implement emergency responses. DCF has an annual budget of approximately \$715 million.

In 2022, BPI continued working in partnership with the Office of the Child Advocate (OCA) to improve the administration of DCF’s contract with the Judge Baker Children’s Center (Baker Center) to run DCF’s after-hours hotline. The after-hours hotline is an emergency response system that operates on nights, weekends and holidays to field reports of possible child-at-risk situations, including child abuse or neglect. DCF redesigned its after-hours hotline services in 2019 and entered into a new 10-year, \$45 million contract with the Baker Center. BPI and the OCA have made recommendations about how DCF and the Baker Center should collaborate on continuous quality improvement (CQI).

Throughout 2021 and 2022, the OCA took a leadership role in overseeing the contract, contributing valuable clinical expertise and a deep understanding of DCF’s operations. In reviewing CQI processes and outcomes, BPI and the OCA found that DCF had established a sound and sustainable approach to monitoring the quality of the Baker Center’s performance. In addition, BPI and the OCA determined that the Baker Center operated transparently and collaborated closely with DCF in solving problems when they arose. Despite many challenges, including staffing shortages, DCF and the Baker

⁹ MASS. DEPT. OF CHILDREN & FAMILIES, <http://mass.gov/orgs/massachusetts-department-of-children-families> (last visited April 21, 2023).

Center have focused on continuously improving after-hours services and responded positively and productively to input from BPI and the OCA.

V. Pandemic Relief Funds

A. American Rescue Plan Act Funds

In 2021, BPI identified concerns regarding EOHHS's spending, tracking and coordination of pandemic relief funds. In 2022, EOHHS disbursed additional pandemic relief funds, including American Rescue Plan Act (ARPA) funds, to EOHHS vendors. BPI recommended that EOHHS coordinate efforts with its agencies, including DDS, DMH and DCF, to evaluate whether their vendors appropriately used ARPA funds for the designated purpose: to enhance recruiting and retention of direct-care employees who assist service recipients with their daily needs.

In 2022, BPI met with EOHHS to discuss these recommendations and to request information about its monitoring and oversight. While EOHHS had focused its efforts on creating and implementing a portal for vendors to report data for federal reporting purposes, BPI found that EOHHS failed to coordinate with its agencies to develop a vendor oversight plan to guard against fraud, waste or abuse of ARPA funds. EOHHS also did not evaluate whether vendors were implementing successful strategies to improve employee recruitment and retention.

BPI met with EOHHS and DDS officials to discuss the importance of controls and program evaluations. BPI again recommended that they use the year-end data and information that EOHHS required vendors to submit through the portal to analyze the vendors' recruiting and retention efforts. EOHHS and DDS responded positively to this recommendation.

B. COVID-19 Funds for Congregate Care Vendors

In March and April 2020, EOHHS distributed an initial round of COVID-19 funds to vendors across the secretariat that provided congregate care. In the ensuing months, BPI received complaints alleging that vendors misused these funds; many of the complaints specifically involved DDS vendors. In 2021, BPI recommended that DDS obtain expenditure reports from EOHHS and conduct a close review of how its vendors used the funds that DDS had disbursed to them in 2020. DDS completed this review in 2022 and worked collaboratively with BPI to address issues identified from the hotline complaints.

DATA ANALYTICS DIVISION

In the Fiscal Year 2023 budget, the Massachusetts Legislature funded a dedicated data division within the Office. While the Office previously used data and empirical analysis in its work and assigned data scientists to specific divisions, the additional funding has facilitated an increased depth and scope of this work. Formally established in September 2022, the Data Analytics Division (Data Division) is a shared resource available to all divisions of the Office.

Data Analytics Division

Supports Investigations and Reviews Using Data Analytics

Identifies and Acquires Data

Develops Data Best Practices and Educates Staff

The Data Division leads the Office in developing sound data governance practices and coordinates its data analysis work, ensuring consistency, integrity, security, compliance and availability of data.

The Data Division directly supports the Office's mission to promote good government in three primary ways: data acquisition, data analytics and data education. In its data acquisition role, the Data Division retrieves information from data warehouses and other sources, combines data from independent sources, and identifies new data sources that may be helpful in the Office's work. In its analytics role, the Data Division uses exploratory data analysis, statistical analysis, machine learning and visual analytics to uncover potential misuse of government funds and to assist other Office divisions in investigations, audits and reviews. Finally, the Data Division helps the Office's staff to develop core data competencies and makes recommendations to external partners regarding data best practices.

DIVISION OF STATE POLICE OVERSIGHT

The Massachusetts Legislature created the Division of State Police Oversight (DSPO) in 2018 as a unit within the Office. Pursuant to Section 72 of Chapter 22C of the Massachusetts General Laws, the DSPO monitors the quality, efficiency and integrity of Massachusetts State Police (MSP) operations.¹⁰ The DSPO carries out its statutory mandate with a budget of \$437,000 and a staff of four. By contrast, the MSP has a budget of \$478 million and 3,000 employees.

Division of State Police Oversight

Investigates Potential Fraud, Waste and Abuse of Public Funds within the MSP

Recommends Improvements to MSP's Internal Controls

Monitors Policy Changes Initiated as Part of Certification or Accreditation Process

The scope of the DSPO's oversight includes, but is not limited to (1) reviewing the MSP's operations, organizational structure and management functions; (2) preventing, detecting and correcting fraud, waste and abuse in the expenditure of public funds; and (3) monitoring policy changes instituted as a result of the MSP's certification or accreditation by state or national police accrediting agencies pursuant to Section 73 of Chapter 22C of the Massachusetts General Laws.

The DSPO's enabling statute requires it to publish an [annual report](#) each March. The most recent report, issued on March 1, 2023, featured the following highlights of the DSPO's work in 2022.

I. Audits, Investigations and Reviews

A. Troopers' Use of Leave Time to Work Overtime Shifts

In 2022, the DSPO reviewed troopers' use of vacation or personal leave to work optional highway overtime assignments, as well as the MSP's policies surrounding this practice. These overtime shifts often overlap with troopers' regularly scheduled patrols. For example, an overtime shift may start at 3:00 p.m., while a trooper's regular shift ends at 3:30 p.m.

The MSP requires troopers to use vacation or personal time to account for this overlap. The DSPO found that this practice helps to ensure that troopers are not simultaneously paid for parts of two shifts – a regular and an overtime shift. While this is a sound practice, the MSP does not have a written policy addressing overtime shifts that overlap with troopers' regularly scheduled shifts.

¹⁰ Section 72 of Chapter 22C of the Massachusetts General Laws refers to the Division as "an internal special audit unit." The Inspector General renamed the division to avoid confusion with the previously created Internal Special Audit Unit within the Department of Transportation (see M.G.L. c. 6C, § 9).

The DSPO further found that the troopers' use of leave time to work optional overtime shifts could increase other overtime costs. Specifically, when troopers depart early or arrive late to their regularly scheduled shifts to work optional overtime shifts, patrols could fall below the MSP's minimum staffing levels. That, in turn, could compel the MSP to call in other troopers for mandatory overtime to maintain required staffing levels.

The DSPO recommended that the MSP develop a written policy regarding overtime shifts that overlap with regularly scheduled shifts. The policy should specify that troopers use vacation or personal time if they leave their scheduled shift early or arrive late in order to work an overtime shift. The policy also should require MSP supervisors to consider minimum staffing levels before approving such leave requests. The MSP was amenable to the recommendations and is proceeding with amending its policies.

B. Civil Recoveries from Former Troopers

The DSPO provided investigative, analytical and administrative support to the Office's Civil Recovery Unit's efforts to recover unearned pay from former troopers who worked in the now-abolished Troop E.¹¹ In 2022, the Office recovered \$13,117 from three troopers for overtime that the troopers had not worked. Since beginning to pursue these recoveries in 2021, the Office has cumulatively recouped more than \$249,727 from 14 former troopers for allegedly unworked overtime.

II. Other Activities

A. MSP's Certification and Accreditation

The Legislature also charged the DSPO with monitoring policy changes instituted as part of the MSP's efforts to receive certification or accreditation from state or national police accrediting agencies. The MSP achieved certification through the Massachusetts Police Accreditation Commission (MPAC) on February 28, 2022, and achieved full MPAC accreditation on December 21, 2022. DSPO's work in reviewing necessary policy changes is ongoing.

¹¹ The MSP's Troop E, which patrolled the Massachusetts Turnpike, was disbanded in 2018 after its members were implicated in an overtime fraud scandal.

INTERNAL SPECIAL AUDIT UNIT

The Internal Special Audit Unit (ISAU) monitors the quality, efficiency and integrity of the Massachusetts Department of Transportation's (MassDOT) operating and capital programs. The ISAU's oversight responsibilities also encompass the Massachusetts Bay Transportation Authority (MBTA). MassDOT is responsible for managing the Commonwealth's roadways, public airports and the Registry of Motor Vehicles, while the MBTA provides subway, trolley, bus, regional commuter rail, ferry and paratransit services throughout eastern Massachusetts and parts of Rhode Island.

Consistent with its statutory mandate, the ISAU seeks to prevent, detect and correct fraud, waste and abuse in the expenditure of public and private transportation funds. The ISAU is responsible for examining and evaluating MassDOT's and the MBTA's operations, including their governance, risk-management practices and internal processes. The ISAU has an additional legislative mandate to evaluate certain MBTA procurements.¹²

Internal Special Audit Unit

Investigates Potential Fraud, Waste and Abuse of Transportation Funds

Reviews MassDOT and MBTA Operations and Programs

Works to Strengthen Internal Controls and Contract Administration

Since its establishment in 2013, the ISAU has issued an array of audit and investigative reports in areas such as MBTA contracts for privatized services, large-scale bridge construction contracts, disability placard abuse and electronic tolling along the Massachusetts Turnpike. The ISAU has regularly provided fraud prevention training to MassDOT and MBTA employees and collaborated with transportation officials on contract administration and policy improvements. The ISAU also manages two confidential hotlines for employees and the public to report suspected misuse of transportation funds or resources. The ISAU's staff of six, with a Fiscal Year 2023 budget of \$577,604, oversees roughly \$6 billion in spending by MassDOT and the MBTA, which together have approximately 9,500 employees.

The ISAU's enabling statute requires it to publish an annual report each March. The most recent [report](#) featured the following highlights of the ISAU's work in 2022.

¹² See 2015 Mass. Acts c. 46.

I. Audits, Investigations and Reviews

A. Massachusetts Bay Transportation Authority

1. Privatization of Services

The “Act Providing for the Delivery of State Services in a Fiscally Responsible Manner” (Act), passed into law in 1993, requires that state agencies and applicable authorities, like the MBTA, follow certain procedures before hiring a vendor to perform services valued at \$500,000 or more “which are substantially similar to and in lieu of” services that the state entity provides. Hiring a company to discharge services previously administered by public employees is commonly referred to as “privatization.”

In 2015, the Legislature granted the MBTA a temporary three-year exemption from the Act’s requirements.¹³ Between 2015 and 2018, the MBTA outsourced seven services pursuant to the temporary exemption.

The 2015 law also directed the Office to review all contracts that the MBTA executed pursuant to its temporary flexibility to privatize services. The Office’s evaluation is to specifically assess four areas: the procurement process, the quality of the services provided, the expected and actual cost of the contract and the actual cost of the contract compared to the benefits derived.

The Office must report on each privatized MBTA contract within 90 days of its “complete performance.”¹⁴ In 2022, the ISAU accordingly issued reports on its reviews of two completed contracts for services the MBTA privatized: [absence management services](#) and [police dispatch services](#).

In general, the reviews found that the MBTA was a poor steward of public dollars and had weak approaches to the procurements reviewed. The ISAU determined that the MBTA generally suffered from a lack of an organizational approach to procurement, contract development and contract administration; poor or non-existent transition of information and documentation when employees leave the agency, *i.e.*, knowledge transfer or business continuity efforts; and poor recordkeeping that was contrary to best practices and potentially in violation of the Commonwealth’s record retention laws.

In its reports, the ISAU made several recommendations, including that the MBTA should create standalone contracts clearly spelling out all contract terms, including costs and performance metrics. Additionally, the MBTA would benefit from improving its contract administration protocols. At a minimum, it should specify the individuals responsible for tracking contract deliverables, performance and costs. Further, individuals approving invoices must be familiar with the contract, especially the

¹³ See Section 196 of Chapter 46 of the Acts of 2015.

¹⁴ *Id.*

payment terms, and must validate all charges. The MBTA must also improve its business continuity and record retention efforts.

The ISAU continues to actively monitor the completion dates of the remaining five privatization contracts.

2. Federal Pandemic Funds

The MBTA has received, or anticipates receiving, approximately \$2.19 billion in federal assistance in response to the COVID-19 pandemic. In December 2021, the Legislature created an oversight reserve fund for four state oversight agencies, including the Office, to review state and local agencies' use of that funding. Throughout 2022, in accordance with its statutory mandate to monitor the quality and efficiency of MassDOT and MBTA programs, the ISAU reviewed the MBTA's use of federal pandemic dollars.

The MBTA reported that it used most of the pandemic funds for operating expenses expressly related to employee payroll and benefits; the MBTA refers to these collectively as "labor charges." The Federal Transit Administration (FTA) allowed the MBTA to use a portion of its federal pandemic dollars for eligible non-payroll operating expenses during the COVID-19 pandemic.¹⁵

In 2022, the ISAU reviewed the MBTA's use of pandemic funds for labor charges, which the authority expected to approach at least \$1.84 billion. The ISAU reviewed a random sample of nine months of labor charges (totaling approximately \$619.4 million) for which the MBTA initiated drawdowns of pandemic funds from the FTA.¹⁶ The ISAU reviewed disbursement transactions, including backup payroll and labor data that related to the monthly amounts requested. The ISAU verified that each of the nine drawdowns reviewed reflected the actual payroll data for that month and concluded that the MBTA appropriately requested grant funds from the FTA for labor charges. The ISAU did not find extraneous charges within the data for expenses that were not labor-related.¹⁷

In 2022, the ISAU also began to review the MBTA's use of FTA pandemic funds for certain non-payroll expenses by analyzing a list of vendors and payments that the agency made. The ISAU reviewed these expenditures and determined that the named vendors did perform operational services for the MBTA. The ISAU further found that the MBTA conducted business with these vendors and that the payments were reasonable. For example, one vendor paid with federal monies operated ferry services for the MBTA.

¹⁵ The Federal Emergency Management Agency (FEMA) also reimbursed the MBTA a portion of the funds the authority spent for emergency protective measures, such as personal protective equipment, cleaning supplies and COVID-19 testing kits. The MBTA also anticipates receiving up to \$103 million in federal pandemic funds for the Green Line Extension project. The ISAU did not review these two types of funding in 2022.

¹⁶ This sample size represents 31.92% of all federal pandemic funds the agency has received, or anticipates receiving, for labor charges.

¹⁷ The ISAU reviewed procedures and did not analyze or investigate whether all labor hours were actually worked.

The ISAU will continue its review of the use of pandemic funds for non-payroll expenses in 2023.

B. Massachusetts Department of Transportation

1. Office of Real Estate and Economic Development – Leases

MassDOT owns property throughout the Commonwealth and generates revenue by leasing some properties to private companies. Over the last several years, the ISAU, in collaboration with the Office's Civil Recovery Unit (CRU), has reviewed certain leases to evaluate whether MassDOT collected all rents and other payments due under the lease terms.

In 2022, the ISAU identified a rail company, Pan Am Railways, that for four years failed to pay rent due under its contract to use a MassDOT-owned rail yard in western Massachusetts. Pan Am Railways therefore owed MassDOT approximately \$266,000. Following the ISAU's inquiry, MassDOT recovered the full amount the company owed.

The ISAU also found that McDonald's Corporation (McDonald's) appeared to have outstanding balances on four of its leases to operate service plazas on MassDOT property along highways throughout the Commonwealth. In light of the potential underpayments, the ISAU notified MassDOT, which retained an outside auditor. The auditor confirmed that McDonald's had not paid the full rent owed to MassDOT and also calculated late fees and penalties that MassDOT could recover under the very specific provisions of the lease agreements.

In December 2022, the ISAU and CRU wrote a letter to MassDOT recommending that the department enforce its rights under the four McDonald's leases and recover the unpaid amounts due. Specifically, the ISAU recommended that MassDOT recover over \$750,000 in unpaid rents and fees, as well as the costs of performing the outside audit. MassDOT's recovery is pending as of the time this report was published.

2. Highway Division – Disadvantaged Business Enterprise

Following a hotline tip, the ISAU reviewed whether a steel supplier, Atlantic Bridge & Engineering, continued to qualify for the state's Disadvantaged Business Enterprise program (the DBE program). That program is designed to give businesses owned and controlled by socially and economically disadvantaged individuals a fair opportunity to compete for state transportation contracts.¹⁸ Atlantic Bridge & Engineering, last certified as a DBE in March 2016, has worked on MassDOT projects as a subcontractor and supplier for decades. Between 2001 and 2020, the company received \$229 million on 228 MassDOT projects as either a DBE or a Women's Business Enterprise.

¹⁸ Disadvantaged Business Enterprise Program, U.S. Department of Transportation website, *available at* <https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise> (last viewed March 20, 2023).

The ISAU found that the company's prior success as a construction subcontractor and supplier allowed its owner to "accumulate substantial wealth," meaning that Atlantic Bridge & Engineering no longer qualified to participate in the DBE program. Informing the ISAU's conclusion was its in-depth analysis of the business owner's overall financial condition, which revealed their ownership of other businesses, a vast real estate portfolio, access to credit, and lavish spending on both personal and business accounts.

The ISAU reported its findings to MassDOT for possible corrective action. MassDOT conducted an independent review, agreed with the ISAU's findings, and moved to rescind the company's DBE certification. Following a hearing, MassDOT's Unified Certification Program Board concluded in a May 2022 written decision that the company no longer met the DBE eligibility standards and agreed with the ISAU's findings and MassDOT's recommendation to decertify the company. The company remains eligible to bid on projects, but not as a DBE.

II. Other Reviews and Referrals

During 2022, the ISAU referred several hotline complaints to MassDOT and the MBTA for further investigation and possible corrective action. ISAU staff also worked collaboratively with MassDOT and the MBTA to resolve issues and inquiries on topics as diverse as outside employment, highway equipment misuse and vehicle inspections. The ISAU relies on data analysis and its own observations of MassDOT and MBTA practices to identify additional areas within MassDOT and the MBTA for possible evaluation.

III. Fraud Prevention Training

In furtherance of its mission to prevent the misuse of transportation funds, the ISAU developed and delivered fraud prevention training in 2022. In March 2022, the ISAU provided fraud prevention training for the MassDOT Highway Division's Construction Management Certification Program. The training highlighted common fraud schemes, prevention techniques and red flags for vendor fraud. The training also included a case study on bridge maintenance contracts, with a focus on evaluating contract terms, vendor submittals and invoices.

IV. Hotlines

The ISAU maintains a hotline for members of the public to confidentially report suspected fraud, waste or abuse in the expenditure of transportation funds. Information on how individuals may submit information via [email](#), telephone, mail or online [form](#) is available on the Office's [website](#). The ISAU also maintains employee hotlines on MassDOT's intranet where the organization's employees can report wrongdoing or suspected misuse of MassDOT funds.

The ISAU received 303 hotline complaints in 2022, with slightly more than 40% related to disability parking or placards. Specifically, the ISAU fielded 82 reports of alleged placard abuse and 43

general inquiries pertaining to disability parking or placards. The remaining hotline tips related to topics such as employee misconduct, time fraud, vendor fraud and MBTA safety concerns.

Figure 6 details the sources of hotline complaints for each month in 2022.

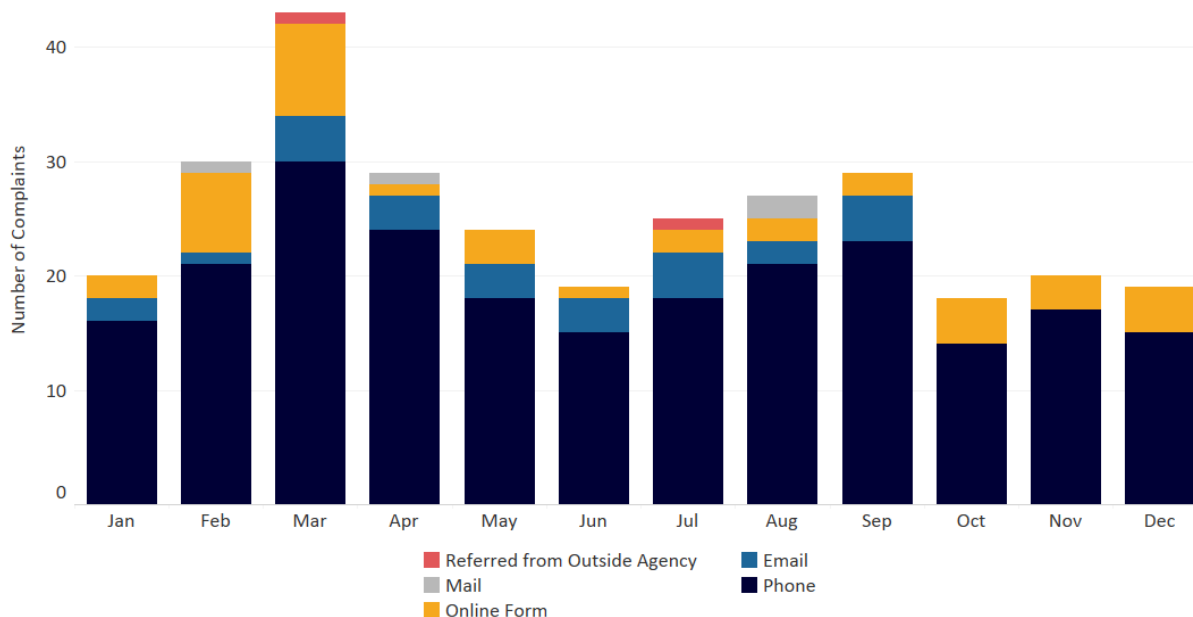


Figure 6. Intake Source by Month (2022).

The ISAU evaluated each complaint to determine whether it fell within its jurisdiction and whether it merited action. Some complaints led to extensive investigations, while some were referred to other agencies. Others were closed if a preliminary inquiry failed to substantiate the allegations.

PROTECT YOUR COMMUNITY

If you suspect fraud, waste or abuse of public transportation or transit funds or property, you can confidentially report your concerns



ISAU at MassDOT Complaint Form
<https://www.mass.gov/igo/massdotfraud>



Send us an email at
MassDOTFraudHotline@mass.gov

LEGAL DIVISION

The Legal Division provides essential legal advice and support to the Office and manages legal strategy in all Office litigation. Attorneys in the Legal Division represent the Office in state and federal court, draft and review legislation, teach classes for the Office's MCPPO program, and provide guidance on state and local public procurement matters. Attorneys in the Legal Division also support the Office's investigative divisions when legal issues arise during an investigation, audit or review by assisting with formal interviews; analyzing evidence; conducting legal research; enforcing summonses; and liaising with state, municipal and private entities.

Legal Division

Provides Legal Advice and Support to the Office

Represents the Office in Court

Pursues Civil Actions to Recover Public Funds

The Legal Division also plays a key role in compliance and internal controls within the Office by onboarding new employees, developing and updating policies and procedures, and regularly providing in-house training on topics such as confidentiality, ethics and conflicts of interest. In addition, through its Civil Recovery Unit (CRU), the Legal Division pursues civil actions on behalf of the Commonwealth and local governments to recover public funds lost to fraud, waste and abuse. The Legal Division also supports the Inspector General Council, which assists the Inspector General in carrying out the duties and responsibilities of the Office. Moreover, members of the Legal Division produce and edit content for the Office's quarterly publication, the *OIG Bulletin*.

I. Civil Recovery Unit

The Legal Division's CRU investigates and develops matters for potential civil recovery, in partnership with other Office divisions and state agencies, including the Attorney General's Office.

A. \$1.65 Million Recovery from Retail Electricity Supplier

The CRU, in collaboration with the Attorney General's Office, Department of Environmental Protection and Department of Energy Resources, investigated Utility Expense Reduction (UER), a retail electrical supply company, for knowingly failing to make payments to the Commonwealth under state environmental programs. These programs require companies selling electricity to Massachusetts customers to buy a certain percentage of their electricity each year from renewable, alternative and clean energy sources. Otherwise, the programs require companies to make an annual payment to the Commonwealth to support clean energy programs. UER, which sold electricity to Massachusetts

customers, did not obtain the required electricity from renewable, alternative and clean energy sources in 2018 and 2019 or did it make the required alternative payments for those years.

In June 2022, UER agreed under a consent judgment filed in Suffolk Superior Court to pay \$1.65 million in restitution and penalties for avoiding its obligation to make the payments. UER further agreed to a five-year ban on doing business in the Commonwealth.

B. Civil Recoveries from Former State Troopers for Unworked Overtime

In 2022, the CRU, working with the Office's Division of State Police Oversight and the Attorney General's Office, reached settlements with three former Massachusetts State Police (MSP) troopers from the now-disbanded Troop E to recover money they were paid for overtime they allegedly did not work.

The recoveries arose from the MSP's investigation of overtime abuse by Troop E members who were assigned to special overtime shifts intended to reduce accidents, crashes and injuries on state highways.

In March and April 2022, the CRU also filed suit against four additional former MSP troopers to recover allegedly unearned overtime payments. That case is pending in Suffolk Superior Court.

Since beginning to pursue these recoveries, the Office has cumulatively recouped more than \$249,000 from 14 former troopers as of the end of 2022.

C. Collaboration with ISAU on Recoveries Under MassDOT Leases

The CRU collaborated with the Office's Internal Special Audit Unit (ISAU) to [evaluate potential civil recovery actions arising from unpaid rent under Massachusetts Department of Transportation \(MassDOT\) leases](#). In the case of one corporate tenant, McDonald's Corporation, the CRU and the ISAU recommended that MassDOT exercise its rights under the subject leases and recover over \$750,000 in unpaid rent and fees, plus the costs of an outside audit.

II. Initiatives with Office's Administration and Finance Division

In 2022, the Legal Division continued its work with the Office's Administration and Finance Division to review and strengthen internal controls. For example, the divisions worked together to memorialize policies and procedures and to update the Office's personnel manual. The divisions also collaborated on recruitment and retention efforts, such as formalizing the onboarding process for new employees and expanding the Office's fellowship programs.

POLICY AND GOVERNMENT DIVISION

The Policy and Government Division (P&G Division) oversees the Office’s policy, healthcare and legislative initiatives, advocating for oversight policies based on the Office’s evaluations and investigations. Consistent with the Office’s mission, the P&G Division makes recommendations to the Legislature designed to safeguard public funds and promote fairness, accountability and transparency in government.

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, P&G’s Pandemic Funding Oversight Unit (PFO) coordinates the Office’s oversight of federal dollars distributed to state and local governments, companies, individuals and nonprofit organizations in response to COVID-19’s economic consequences.

Policy and Government Division

Reviews Healthcare Programs

Proposes and Monitors Legislation to Safeguard Public Funds

Reviews Proposed Public Land Dispositions and Municipal Construction Applications

Further, the P&G Division is responsible for fulfilling the Office’s legislative mandate to review and analyze public healthcare programs, specifically related to improving program integrity and preventing the misuse of public healthcare dollars. Pursuant to special session laws, the P&G Division also reviews certain state land transactions and their associated appraisal methodologies. An additional legislative directive requires the Office to review certain construction management at-risk (CM at-risk) and design-build delivery methods for public projects.¹⁹ The division examines project applications to ensure statutory compliance before issuing approvals.

¹⁹ Construction projects typically involve three phases that run sequentially: planning, design and construction. However, under the construction management at-risk model, the awarding authority uses a two-phase selection process and hires a construction manager early in the design process to later oversee construction. The awarding authority and construction manager negotiate a maximum price for the project during the design phase. The method is “at risk” because the construction manager is responsible for any costs exceeding that amount. In the design-build model, design and construction are combined into a single stage. The awarding authority executes a contract with a single entity – *e.g.*, a design-build firm, joint venture, or contractor that subcontracts with a designer – to design and construct the project. To use the CM at-risk or design-build models on a public works project of \$5 million or more, an awarding authority (except for certain exempt agencies) must apply to the Office for approval to proceed.

I. Healthcare Reviews

Historically, each fiscal year, the state budget bill includes a provision requiring the Office to conduct focused reviews of the Massachusetts Medicaid (Medicaid) and Health Safety Net (HSN) programs and to provide specific recommendations for improvements to the Office of Medicaid (MassHealth), which oversees both programs. The bill's language also requires the Office to issue a [report](#) each March setting forth its findings.

For calendar year 2022, the Office made recommendations based on its healthcare team's review of four aspects of MassHealth's management of the Medicaid program: (1) the lack of coordination between MassHealth and the Massachusetts Department of Developmental Services (DDS) concerning eligibility redeterminations and the correct funding source for certain congregate care services; (2) the administration of COVID-19 vaccine claims; (3) the management of claims related to personal emergency response systems; and (4) MassHealth's oversight of its new contract with Tempus Unlimited, Inc. to help MassHealth members manage personal care attendants.

A. Redeterminations and Collaboration with DDS

The P&G Division, in conjunction with the Office's Bureau of Program Integrity (BPI), reviewed eligibility processes and claims data for the subset of MassHealth members who are also DDS service recipients. The law requires MassHealth to annually ensure that its members remain eligible for Medicaid coverage.²⁰ The P&G Division identified potential shortcomings in MassHealth's procedures for determining whether DDS service recipients continue to qualify for Medicaid. Specifically, it found that MassHealth does not tailor its processes to facilitate continuous Medicaid coverage for eligible DDS service recipients.

Tailoring the Medicaid redetermination process to better fit the needs of DDS service recipients is especially important because DDS has approximately 11,400 service recipients in congregate settings who are also MassHealth clients, making the two agencies major partners. A more efficient Medicaid redetermination process for DDS service recipients could result in better client outcomes and savings for the Commonwealth. The P&G Division accordingly recommended that MassHealth strengthen its collaboration with DDS, with a focus on improving communication and information-sharing. The division further recommended that MassHealth and DDS develop automated connections between their systems to exchange validated data to support MassHealth eligibility processes and ensure that eligible DDS service recipients do not lose their Medicaid coverage.

The P&G Division, in conjunction with BPI, also examined the procedures in place to ascertain whether MassHealth or DDS has responsibility for covering certain services for individuals living in DDS home- and community-based settings. In 2021, MassHealth paid 176,621 claims for these long-term

²⁰ 42 C.F.R. § 435.916.

support service programs, totaling \$15,358,917 for 1,389 DDS service recipients. However, MassHealth regulations prohibit MassHealth from paying for services in certain settings, such as a hospital, nursing facility or other institutional facility that provides medical, nursing, rehabilitative or related care.²¹ This includes some DDS residential settings. This regulatory prohibition exists because, in such settings, the agency or organization (such as the hospital or DDS vendor) receives other funding to pay for those services. The P&G Division accordingly examined how MassHealth ensures that it is not paying for services that DDS or its vendors are responsible for providing.

The P&G Division concluded that MassHealth and DDS do not effectively coordinate to determine the correct funding source for congregate care claims, even though regulations prohibit MassHealth from paying for some services in those settings. Consequently, the division recommended that MassHealth and DDS conduct regular joint reviews to ensure that the correct agency pays for those services. Moreover, MassHealth and DDS should work to develop automated processes to ascertain the appropriate payor.

B. Administration of COVID-19 Vaccine Claims

The P&G Division reviewed MassHealth's administration of 590,815 COVID-19 vaccination claims from healthcare providers and pharmacies, for which MassHealth paid a total of \$21,979,882. The review covered the period from December 2020 to July 2022 and encompassed 164,232 pharmacy claims and 426,583 medical claims related to 326,778 MassHealth members, 819 pharmacies and 675 medical providers.

Compared to previous vaccine implementation plans, the administration of COVID-19 vaccines involved more medical providers and was more costly than other rollouts. COVID-19 vaccine protocols were also implemented quickly, with different vaccines at different price points, factors which can lead to program integrity lapses, mismanagement and fraud.

Overall, the claims data demonstrated that MassHealth implemented vaccine payments efficiently, with very few indicators of fraud in billed charges or errors in payments MassHealth made to providers. However, the P&G Division did identify three areas of concern in 3,419 vaccine claims, representing less than 0.6% of those examined. Specifically, the P&G Division found duplicative claims for the same member on the same date of service, as well as claims with dose types not correlated to the member's age. As a result of the P&G Division's evaluation, MassHealth updated its claims system to prevent duplicate payments and to ensure that providers bill the agency for the correct age-based vaccine dose.

Moreover, the P&G Division found that MassHealth erroneously paid some claims when providers gave the first dose of the vaccine but submitted claims for the more expensive second dose,

²¹ 130 CMR 403.409.

and vice versa. The P&G Division recommended that MassHealth review the claims that the division identified and seek reimbursements from providers who gave the first dose of the vaccine but submitted a claim for the second dose. Conversely, MassHealth should determine whether it underpaid providers who gave MassHealth members the second dose of the vaccine but instead billed MassHealth for the less expensive first dose.

C. Personal Emergency Response Systems

A personal emergency response system is an electronic device connected to a subscriber's landline telephone that can summon assistance during an emergency. An employee at the system's central monitoring station answers the call, speaks directly to the subscriber, assesses the need for help and takes appropriate action. The monitoring system operates 24 hours a day, 7 days a week.

When a member qualifies for an emergency response system, MassHealth pays the provider \$20 a month for the service; managed care organizations pay different monthly rates to different providers. The Office analyzed claims for the monthly costs of emergency response system rentals. During the period studied, MassHealth paid \$2,126,675 for 95,045 fee-for-service claims, and managed care organizations paid \$6,402,930 for 246,312 encounter claims, together totaling \$8,529,605.²²

The P&G Division's review revealed instances in which the service provider continued to bill MassHealth after the MassHealth member died, resulting in overpayments. The division also found that providers billed more than 12 claims a year for some MassHealth members; because providers are paid a monthly fee, no provider should bill more than 12 claims a year for the same MassHealth member.

The P&G Division recommended that MassHealth regularly audit claims for emergency response systems. Additionally, MassHealth should provide greater oversight to managed care organizations to ensure that they do not pay more than 12 claims in one year. The P&G Division also recognizes that this type of personal emergency response system may fall out of favor as landline telephone use continues to decline. MassHealth should assess the landscape to identify future tools that offer this service without the need for a landline connection.

D. Personal Care Attendants

MassHealth's personal care attendant (PCA) program provides funds to help its members with permanent or chronic disabilities maintain their independence, reside in the community and manage their own personal care. MassHealth pays approximately \$780 million annually for the PCA program, which covers approximately 30,000 members supported by 24,000 PCAs every month. Last year, the

²² "Fee-for-service" describes claims in which MassHealth pays providers directly for each covered service received by an eligible MassHealth member. "Encounter claims" include information that managed care organizations (MCOs) and accountable care organizations (ACOs) report to MassHealth about each service – such as an office visit or an emergency response system – that they provide to members. MassHealth uses that information to set future capitation rates paid to MCOs and ACOs.

P&G Division evaluated the agency's implementation of a new contract with its fiscal intermediary, which helps MassHealth members manage their relationships with their PCAs in areas such as timekeeping, payments, tax withholdings and workers' compensation insurance. The P&G Division also assessed MassHealth's use of unique personal identifiers to manage PCA claims.

MassHealth has traditionally contracted with three fiscal intermediaries to provide member services. In 2022, however, the agency elected to contract with one fiscal intermediary, Tempus Unlimited, Inc. (Tempus). At the outset of the new contract, Tempus was unable to effectively process payroll or deliver timely customer service. MassHealth therefore temporarily contracted with a second vendor, Accenture, LLP, to support Tempus in meeting the contract's requirements, which cost MassHealth \$3 million.²³

With the additional resources, Tempus's performance eventually stabilized. However, as a result of Tempus's initial performance, MassHealth imposed a corrective action plan and assessed a \$509,000 penalty against Tempus. The P&G Division recommended that MassHealth evaluate whether Tempus is dedicating an appropriate level of staffing to manage the contract and further advised the agency to determine whether to hold Tempus responsible for the cost of the additional vendor.

Finally, the P&G Division continued to recommend that MassHealth effectively utilize the unique identification numbers of PCAs to expand its program integrity efforts in areas such as PCA travel claims and allowable work hours.

II. Pandemic Funding Oversight Unit

In response to the COVID-19 public health crisis, Massachusetts received over \$40 billion in federal funds to address the economic fallout. The Office created the Pandemic Funding Oversight Unit (PFO) within the P&G Division in January 2022 to coordinate the Office's oversight of federal funds distributed to state and local governments, companies, individuals and nonprofits in connection with the COVID-19 pandemic and its economic consequences. The PFO also provides training, conducts program integrity reviews, collaborates with other agencies on pandemic funding oversight and represents the Office on the Commonwealth's Equity and Accountability Review Panel.

One of PFO's most important functions is to provide guidance to public employees in expending federal pandemic funds. Over the last year, PFO continued to deliver free webinars on the Coronavirus State and Local Fiscal Recovery Funds (Recovery Funds) provided through the American Rescue Plan Act of 2021 (ARPA). This webinar provided an overview of Recovery Funds' permitted uses and reporting requirements, and offered guidance on the interplay between Chapter 30B – the state's Uniform Procurement Act – and federal procurement rules. PFO delivered this training five times in 2022 to 612 students.

²³ Accenture is an international management consulting firm with over 200 locations across the globe.

In August 2022, PFO released its second free webinar, which focuses on the differences between subrecipients and contractors under the Uniform Administrative Requirements for Federal Awards.²⁴ Those regulations apply to Recovery Funds and other federal grant programs. The webinar also discusses specific projects that, when supported by Recovery Funds spending, are presumed to be allowable under the federal rules. Finally, the webinar covers rules related to capital expenditures using Recovery Funds. PFO presented this webinar twice in 2022 to a total of 75 students and will continue to offer this training in 2023.

In addition to trainings, PFO developed guidance for Massachusetts public entities on spending ARPA funds. The Office's webpage section on "ARPA Resources" shares relevant guidance from the Office, state and federal agencies, and professional associations. Additionally, PFO published guidance in the *OIG Bulletin*, including articles on ensuring the proper use of ARPA funds by grant recipients, best practices for using coronavirus fiscal recovery funds, and differentiating between subrecipients and contractors.

Considering that one of the most important steps public entities can take to prevent and detect the misuse of public funds is to develop and use well-studied internal controls and monitoring plans, in 2022, the Office also began a review of such controls for over 20 state agencies receiving funds through ARPA – either through the Coronavirus State Fiscal Recovery Plan or other grants continued or created by ARPA. The purpose of this review is to help develop best practices for monitoring these funds and to identify areas appropriate for further review. This project is ongoing.

PFO staff also represented the Office on the Equity and Accountability Review Panel (Panel) created by Chapter 102 of the Acts of 2021. The Commonwealth charged the Panel with (1) setting statewide target allocation goals for the amount of state Recovery Funds to be received by individuals who were disproportionately impacted by the economic consequences of COVID-19, and (2) creating a public-facing system to track the amount of state Recovery Funds spent in communities that were disproportionately impacted by the pandemic. The Panel met multiple times in 2022 and held a public comment period and two public hearings relating to draft allocation goals. The Panel's work will continue in 2023.

Finally, PFO continued to field questions from the Office's Chapter 30B hotline relating to federal pandemic funds, often from municipal employees, and continued to track tips made to the fraud hotline. PFO also worked collaboratively with state oversight partners, including the Attorney General's Office, the State Auditor's Office and the Comptroller's Office. Additionally, PFO and the Office's Audit, Oversight and Investigations Division liaised with the federal Pandemic Response Accountability Committee, which facilitates independent oversight of federal pandemic funds across the nation. PFO looks forward to continuing this collaboration.

²⁴ 2 C.F.R. Part 200.

III. 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 2022, the Office worked with the Department of Capital Asset Management and Maintenance (DCAMM), MassDOT, the MBTA, the Massachusetts School Building Authority (MSBA), the Attorney General's Office and other state and local entities to establish best practices in public construction.

A. Alternative Construction Methods

Pursuant to Chapter 149A of the Massachusetts General Laws, the Office reviews applications to use alternative delivery methods, including the CM at-risk and design/build methods. 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. Consequently, the Office reviews and approves certain procedures for DCAMM, the Massachusetts Port Authority, MassDOT, the MBTA, the Massachusetts Water Resources Authority, the Massachusetts State College Building Authority and the University of Massachusetts Building Authority.

In 2022, the Office received 19 applications to use the CM at-risk delivery method, totaling over \$2.2 billion in estimated project costs. The projects included the construction of seven public schools, two public libraries, an affordable housing development, a public charter school, a public facilities complex, a fire department headquarters, a parking garage, a senior center and a public safety facility. Applicants included the cities of Brockton, Cambridge, Gloucester and Revere; the towns of Brookline, Cohasset, Littleton, Middleton, Norwood, Somerset, Tyngsborough, Wakefield and Westborough; and the Brockton Housing Authority, the Massachusetts Convention Center Authority, the Edward Brooke Charter Public School, the Greater Fall River Vocational School District, the Spencer-East Brookfield Regional School District and the Tri-County Regional Vocational School District.

B. Owner's Project Manager Review Panel

Staff from the P&G Division represent the Office on the MSBA's 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 project. The Review Panel, led by the MSBA, reviews each school district's selection of an OPM, including the evaluation process the school district used.

IV. Public Land Transactions

Each year, the P&G Division reviews a variety of real property transactions involving public property, 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 Commonwealth, counties and municipalities propose to convey or acquire. The Office's appraisal reviewers evaluate whether the conclusions in the appraisal are appropriate. As mandated, the Office provides a report on each appraisal to the 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.

Below are examples of transactions that the P&G Division reviewed in 2022.

A. Gardner Heritage State Park Visitor Center and Stump Pond

Chapter 147 of the Acts of 2020 authorized DCAMM, in consultation with the Department of Conservation and Recreation (DCR), to convey property, including the Gardner Heritage State Park Visitor Center, to the city of Gardner for municipal purposes, and directed Gardner to convey a parcel known as Stump Pond to the Commonwealth. In 2022, the Office reviewed and approved the appraisal and methodologies used to value the properties. The Office noted that since the value of the DCR property is greater than the Stump Pond property, Gardner must provide additional compensation to the Commonwealth.

B. Turnpike Road Parcel in Westborough

Chapter 195 of the Acts of 2018, as amended by Chapter 235 of the Acts of 2020, authorized DCAMM to remove an agricultural use restriction on a six-acre parcel at 187 Turnpike Road in Westborough. The property is the site of a former garden center. In 2021, an automotive dealership purchased the property. Pursuant to Chapter 195, as amended, the appraiser valued the property as unrestricted for commercial use. The Office reviewed the appraisal and methodologies used to determine the values for the property, determined that the opinions of value were adequately supported, and approved the appraisal.

C. Easements

Pursuant to legislation, the P&G Division reviewed appraisals of permanent and temporary easements in (1) Hingham for the relocation of a subsurface sewer line; (2) Lynn for the installation, operation and maintenance of fiber optic cables; (3) Peabody for utility purposes; and (4) Savoy for communications infrastructure. In the separate reviews of each easement, the P&G Division found that DCAMM's appraisers used appropriate methodologies to support the valuations and appropriately analyzed the property rights associated with the easements' grants. The P&G Division therefore recommended approval, and the Inspector General subsequently approved the appraisal methodologies and opinions of the easements' values.

V. Bill Reviews

Since its establishment in 1981, the Office has reviewed and commented on proposed legislation to ensure the legislation promotes transparency and equity in government and contains the necessary safeguards to protect public funds. In addition, the Office regularly provides feedback to individual legislators who are developing bills specific to the districts they represent or bills that affect the general operations of state and local government. The Office also responds to requests from the Governor's Office to review measures awaiting the Governor's signature.

The P&G Division reviewed and commented on more than 100 pieces of legislation for the 2021-2022 legislative session. In 2022, the Inspector General and his staff also provided testimony and guidance to legislative committees on issues related to real estate transactions, fraud controls, post-retirement work policies, tax credits, and the procurement of public supplies and services. In all cases, the Office stressed the importance of transparency in government. Further, the Office's efforts have often led to improved legislation with safeguards to ensure the appropriate oversight of public assets.

VI. Proposed Legislation: 2023-2024 Session

Chapter 30 of the Massachusetts General Laws permits the Office to file legislation in November of even years for the upcoming legislative session. In November 2022, the Office filed two bills for consideration during the 2023-2024 legislative session.

A. [House 6](#), An Act Relative to the Consolidation of Inspector General Annual Reports

House 6 would promote efficiency by consolidating three of the Office's annual reports into one comprehensive report. Specifically, the bill would eliminate the legislative mandate that two embedded units in the Office – the Internal Special Audit Unit (ISAU) and the Division of State Police Oversight (DSPO) – submit separate annual reports to the Legislature. Instead, these reports would be included as part of the Office's annual report required under Section 12 of Chapter 12A of the Massachusetts General Laws. The bill proposes that the Office submit its annual report to both the Joint Committee on Transportation and the Joint Committee on Public Safety and Homeland Security, the committees that currently receive the separate ISAU and DSPO reports.

On March 29, 2023, the provisions of the bill were signed into law as Sections 4 and 5 of Chapter 2 of the Acts of 2023.

B. [House 7](#), An Act Relative to Technical Corrections in Chapter 30B

House 7 would update Chapter 30B to correct references to recently amended statutes. The bill would also strike a duplicative section of Chapter 30B. As of the filing of this report, the measure is before the Joint Committee on State Administration and Regulatory Oversight.

REGULATORY AND COMPLIANCE DIVISION

The Regulatory and Compliance Division (R&C Division) is the Office's educational arm, lending strong support to its role of promoting good government and preventing the misuse of public funds. In 2022, the R&C Division continued to help state and local government employees, procurement professionals and private individuals who conduct business with public entities comply with Massachusetts public purchasing laws.

Regulatory and Compliance Division

Conducts the Office's Training Program

Improves Public Purchasing Practices

Provides Advice and Guidance to State Agencies, Municipalities and the Public

As in previous years, the R&C Division accomplished its educational mission by offering training materials and classes, as well as providing a confidential technical assistance hotline, all with the goal of advancing public procurement best practices.

I. MCPPO Program

The R&C Division administers the Office's Massachusetts Certified Public Purchasing Official (MCPPO) program, which offers a broad range of classes to ensure that public employees have the tools necessary to operate effectively, deliver the services the people of Massachusetts need and protect public funds from waste or misuse. The program is open to public employees, companies that do business with the government and the public at large.

The R&C Division celebrated the 25th anniversary of the MCPPO program in 2022. The Legislature authorized the program in 1996, and in 1997 the Office offered the first MCPPO General Certification Seminar to over 300 participants. In 1999, the Office awarded the first MCPPO designation to 200 persons in that cohort. From a modest start of one class with 300 participants, by 2022 the MCPPO program had grown to 90 classes with 3,535 participants.

Figures 7 and 8 below illustrate the increasing number of MCPPO classes and participants over the last several years.

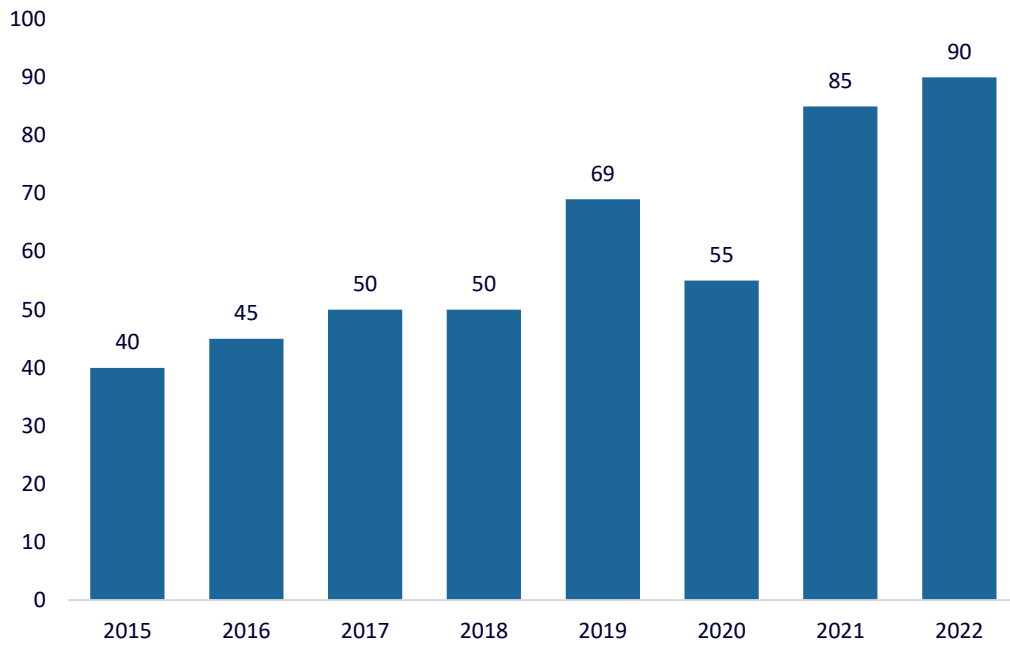


Figure 7. MCPPO Classes by Calendar Year.

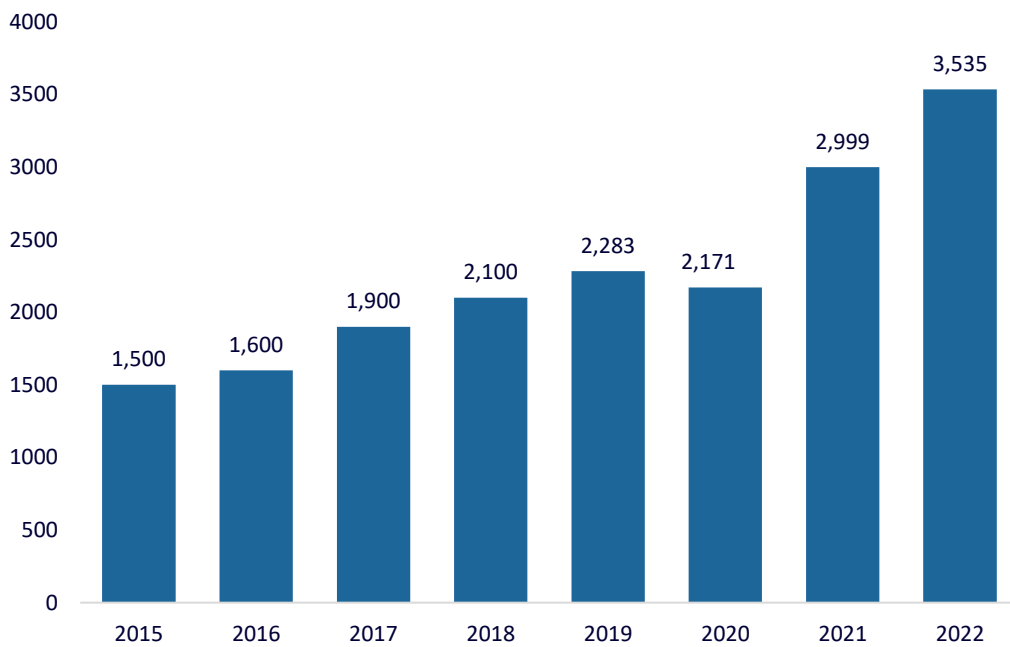


Figure 8. MCPPO Participants by Calendar Year.

A. MCPPO Classes

Individuals may choose to take advantage of the Office’s educational offerings for several reasons, including to work toward an MCPPO designation or other certification, for professional development, to satisfy continuing education requirements or for personal interests. The Office therefore designed the program to include foundational core classes, as well as electives on more specialized topics.

Further, to provide training that is accessible to as many people as possible, the MCPPO program offers classes both online and in person, introductory and advanced trainings, and classes of different formats and lengths (ranging from one hour to four days). At the start of the COVID-19 pandemic, the Office transitioned to a 100% remote learning environment. In 2022, although the R&C Division continued to present most training, including outside speaking engagements, virtually, the MCPPO program began to reinstitute in-person training. At the same time, the division continued to explore new ways to develop more effective virtual learning and improve the virtual experience for students, such as using different learning management systems. According to surveys and class evaluations, nearly all program participants like the virtual training model, and the R&C Division plans to continue to accommodate participants’ needs and preferences in that regard.

To help address the variety of training needs and the often limited professional development budgets of governmental participants, the MCPPO program offered a selection of free and low-cost options to help jurisdictions develop expertise on specific topics. The program introduced shorter webinars and new asynchronous, or self-paced, online trainings. These new formats not only increased participation in the MCPPO program, but they enabled the program to collaborate with external agencies on teaching new topics.

1. Designations and Certifications

A core function of the MCPPO program is to train those who are responsible for public purchasing and procurement. Consequently, the Office created a specialized curriculum and designation program for public procurement. An MCPPO designation, which holders must renew every three years, signifies that the holder achieved a comprehensive understanding of Massachusetts public purchasing laws, practices and principles.

To achieve an MCPPO designation, students must take several required classes and pass competency assessments related to statutory compliance and best practices associated with public procurement, public records and laws governing the conduct of public employees and officials. Specifically, students must complete three classes to achieve an MCPPO designation: (1) *Public Contracting Overview*, an introductory class providing an overview of Massachusetts’s procurement laws; (2) *Supplies and Services Contracting*, which entails a more in-depth review and application of Chapter 30B to particular sets of facts; and (3) *Design and Construction Contracting*, which offers in-depth instruction on the procurement laws governing public design and construction in Massachusetts.

The Office also created a certification in 2007 in response to a Massachusetts School Building Authority (MSBA) regulation requiring that public school designers and owner's project managers be certified to work on MSBA-funded public school projects.

In 2022, 2,671 individuals held an active MCPPO designation or other MCPPO certification.

2. Additional Offerings

In addition to its core classes on public purchasing, the MCPPO program offers a range of classes designed to help government run better, such as classes on government operations, internal controls, cybersecurity, contract administration, prevailing wage laws and fraud prevention. Classes that the MCPPO training program provided in 2022, besides the core designation and certification classes, included:

- Chapter 30B Misconceptions and Practices
- Promoting Procurement Diversity Using Chapter 30B
- Preventing Common Frauds and Scams
- Procurement Best Practices for Sewer Systems
- Surplus Supply Disposition Practices Under Chapter 30B
- Winter-Related Procurement
- Boards and Commissions: Know Your Responsibilities
- Public Sector Ethics

In 2022, moreover, the MCPPO program expanded the types of webinars it offered and developed six new classes:

- Design and Construction Law Considerations
- Making a Choice: Design-Bid-Build or Construction Management at-Risk
- Contract Administration Overview
- Public Building Project Procurement and Oversight Basics
- Vendor/Contractor Responsibility and Eligibility Determinations
- Whistleblowing: Knowing Your Rights and Setting Your Expectations

B. Outside Speaking Engagements

In addition to running the MCPPO program, the R&C Division serves as a resource for communities and organizations across the Commonwealth. As reflected in Figure 9 below, the R&C Division's efforts reached an additional 1,747 individuals through 22 speaking engagements delivered to a variety of governmental entities and professional organizations. Members of the R&C team provided training and guidance on topics ranging from fraud prevention to procurement best practices to effective governance.



Figure 9. Speaking Engagements (2022).

C. Training Collaborations

The Office is fortunate to have many state and local partners that contribute to and enhance the MCPPO program. In 2022, for example, the R&C Division continued its work with the Attorney General's Office and the Department of Labor Standards to train public employees on the prevailing wage law, which requires that covered employees on public works projects be paid a minimum hourly rate set by the Department of Labor Standards. During 2022, the Attorney General's Office presented a full-day class, *Prevailing Wisdom — Confronting Potential Pitfalls and Applying Solutions on Prevailing Wage and Public Construction*. The Attorney General's Office also presented on topics such as whistleblowing, the appropriate uses of opioid settlement funds and, in cooperation with the UMass Building Authority, the Commonwealth's workforce participation goals on construction projects.

Other agencies and local jurisdictions provided their expertise to the MCPPO program, including the State Ethics Commission, the Division of Capital Asset Management and Maintenance, the City of Cambridge, the Department of Energy Resources, the Supplier Diversity Office, the Town of Hingham, the Operational Services Division and the Department of Public Health. Several experts, including retired

public employees and private sector professionals, also lent their support to the MCPPO program by serving as instructors.

The MCPPO program also partnered with various government entities to offer training on the American Rescue Plan Act (ARPA), a COVID-related economic stimulus package passed by Congress in 2021.

D. Additional Resources for Students

The transition of MCPPO classes to an online platform introduced new ways for participants to access the teaching staff for support, including a dedicated email address at “Ask-the-OIG-Instructor@mass.gov” through which participants can pose questions to MCPPO instructors both during and after class. The “Ask the Instructor” email address ensures that participants’ education continues beyond formal classes. In 2022, MCPPO teachers fielded 2,307 inquiries through this avenue.

The Office also operates a daily MCPPO program helpline, accessible by phone or email, which supports MCPPO enrollment and participation. In 2022, this helpline received and responded to 4,816 emails and 789 calls.

II. Chapter 30B Hotline and Publications

The R&C Division also interprets and provides technical assistance to the public regarding the application of the Uniform Procurement Act, Chapter 30B of the Massachusetts General Laws (Chapter 30B), which governs the sourcing and award of public contracts for supplies, services and real property by cities, towns and other governmental bodies, as well as the disposal of surplus supplies and real property. Chapter 30B helps to ensure open and fair competition for public procurements by requiring public entities to give qualified vendors an equal opportunity to enter government contracts.

The R&C Division operates a Chapter 30B technical assistance hotline through which it assists callers with questions concerning Chapter 30B, public construction bidding laws, local purchasing requirements, fraud prevention and internal controls. The hotline operates Monday through Friday, except holidays, although individuals can email the hotline directly or leave voice messages 24 hours a day. In 2022, the division fielded 1,466 inquiries through the Chapter 30B hotline.

In addition, the R&C Division furnishes a Chapter 30B Technical Assistance Form to parties seeking guidance on public procurements. The form contains a list of resources and provides a new way for individuals to obtain guidance on issues related to Chapter 30B.

The R&C Division also publishes a wide range of materials to educate and inform government employees, vendors and the general public about compliance with the Commonwealth’s procurement laws. The R&C Division continues to publish responses to Frequently Asked Questions (FAQs) and other procurement-related articles in the Office’s quarterly publication, the *OIG Bulletin*.

REPORTS, LETTERS AND OTHER PUBLICATIONS

When the Office completes an investigation, review or other project, it may issue a report, letter or case update. The Office also publishes manuals, advisories, guides and a quarterly *OIG Bulletin*. The following documents related to the Office's 2022 activities are available on the Office's website, www.mass.gov/ig.

I. Reports, Letters and Case Updates

- [Report](#): A Review of the MBTA's Police Dispatch Services Contract with IXP Corporation
- [Case Update](#): A joint investigation by the Office of the Inspector General, the Office of the Attorney General and the Mass. State Police resulted in the indictment of Robert Dombek for allegedly stealing more than \$27,111 from the Hampden County Retirement Board
- [Case Update](#): Former Homeless Shelter CEO Pleaded Guilty, Sentenced to One Year in Jail
- [Report](#): A Review of the MBTA's Absence Management Contract with Workpartners
- [Case Update](#): Former Town Employee in Stow Charged in Connection with Alleged Embezzlement of Public Funds
- [Letter](#) to the Governor Regarding House 596, An Act Relative to School Operational Efficiency
- [Letter](#) to the Boston Retirement Board Regarding Linda Nathan's Violation of Post-Retirement Earnings Limits
- [Letter](#) to DVS, the Holyoke Soldiers' Home Superintendent and the Holyoke Soldiers' Home Board of Trustees Regarding Fiscal Practices at the Soldiers' Home in Holyoke and by its Board of Trustees
- [Case Update](#): Retail Electricity Supplier Pays More than \$1.65 Million for Knowingly Avoiding its Payment Obligation to State Environmental Programs
- [Case Update](#): OIG Investigation Leads to Disadvantaged Business Enterprise's Decertification
- [Case Update](#): Former Accountant for Four Massachusetts Communities Pleads Guilty to Stealing \$930,000
- [Report](#): Holyoke Soldiers' Home, May 2016 to February 2020
- [Case Update](#): Two Former State Troopers Repay More Than \$8,900 for Unworked Overtime
- [Letter](#) to the House Committee on Ways and Means Regarding House 2828: An Act Creating a Pilot Program to Enhance Economic and Community Development Through Live Theatrical Arts

- [Case Update](#): Non-Profit's Founders Indicted on Federal Fraud and Conspiracy Charges, March 2022
- [Letter](#) to the Conference Committee Regarding An Act Relative to the Governance, Structure and Care of Veterans at the Commonwealth's Veterans' Homes
- [Case Update](#): The Inspector General and Attorney General File Suit Against Three Former State Troopers to Recover Unearned Pay
- [Case Update](#): Former Campaign Manager for ex-Fall River Mayor Jasiel Correia Pleads Guilty, Sentenced, March 2022
- [Case Update](#): Independent Arbitrator Corroborated IG's Findings About Methuen's Superior Officers' Union Agreement, Ruled the Contract Not Binding on City, January 2022
- [Case Update](#): Bridge Contractor to Pay \$55,000 to Settle Allegations of Overbilling
- [Letter](#) to the Senate Committee on Ways and Means Regarding House 596, An Act Relative to School Operational Efficiency
- [Case Update](#): Two Former Transit Police Officers Pay Restitution After Being Charged with Time Theft, January 4, 2022
- [Report](#): Internal Special Audit Unit: 2021 Annual Report
- [Report](#): MassHealth and Health Safety Net: 2021 Annual Report
- [Report](#): Division of State Police Oversight: 2021 Annual Report

II. Legislative Testimony

- Inspector General's [Testimony](#) on House 4298 An Act Relative to the Governance, Structure and Care of Veterans at the Commonwealth's Veterans' Homes, January 2022
- Inspector General's [Testimony](#) on House 4441 An Act Relative to the Governance, Structure and Care of Veterans at the Commonwealth's Veterans' Homes

III. Publications

- [OIG Bulletin](#), Vol. 3, Issue #4 (December 2022)
- [OIG Bulletin](#), Vol. 3, Issue #3 (August 2022)
- [OIG Bulletin](#), Vol. 3, Issue #2 (June 2022)
- [OIG Bulletin](#), Vol. 3, Issue #1 (February 2022)

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While the Office is an independent agency, it appreciates the cooperative and collaborative spirit of the entities with whom it worked in 2022, including the constitutional offices, the secretariats, and independent and quasi-public agencies. The Office also acknowledges municipalities, professional associations, nonprofits, vendors, contractors and suppliers, whose invaluable assistance – as well as that of the public at large – has been critical to fulfilling the Office’s mission to prevent and detect fraud, waste and abuse of public funds and assets. The Office’s impactful work with the people of the Commonwealth and its public entities furthers its ability to balance efficient and effective government with safeguarding public funds and assets.

Additionally, the Office could not accomplish its mission without the commitment of its dedicated team. The members of the leadership team, along with each and every member of the Office, contribute to its overall success. The Office’s work can be difficult and lonely and requires significant time and effort. However, the results are truly priceless, because the success of the Office can be seen by its ability to maintain faith in government for some and to restore that faith for others. I am so honored to work with committed and dedicated public servants who embody the mission of this Office each day that they serve.

Jeffrey S. Shapiro
Inspector General
April 26, 2023

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