



OFFICE OF THE INSPECTOR GENERAL
COMMONWEALTH OF MASSACHUSETTS

GLENN A. CUNHA

INSPECTOR GENERAL

2018 Annual Report

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2018 HIGHLIGHTS

In 2018, the Office responded to over 1,422 complaints and conducted investigations and reviews in such areas as administration, health and human services, municipal authorities, public procurement, public benefits, public works, pensions and transportation. The Office's work led to state and federal criminal convictions, legislative initiatives, and policy changes at the state and local levels.

Fraud hotline complaints	1,422
Chapter 30B hotline inquiries	1,350
Students trained	2,100
Classes offered	50

Because education is key to preventing the misuse of government funds, the Office expanded its professional training program in 2018, offering more classes throughout the Commonwealth and launching new online training videos. It also continued to collaborate with state agencies, primarily in human services and transportation, to provide training customized to the agency's specific needs. And recognizing that individuals learn in different ways, the Office began creating online courses; it plans to provide its first course this fall.

The Office also grew in 2018, adding two new specialized units: the Division of State Police Oversight and the Civil Recovery Unit. Additionally, the Office completed its first five-year strategic plan, setting the course for the Office's future. This process of creating the strategic plan helped the Office to refine its mission, vision and values to guide it in its day-to-day work.

In keeping with its strategic plan, the Office established two fellowships to improve its recruitment and retention of a talented and diverse workforce. Starting in September 2019, the Office will welcome its first Dr. Frances Burke Investigator Fellow and will welcome its first Justice Geraldine Hines Legal Fellow in September 2020. The fellowship programs will provide substantive and valuable experience to individuals with a strong commitment to public service. The programs are designed to allow Fellows to learn about the wide variety of work the Office performs, with the hope of offering full-time employment at the end of the fellowship.

The Office continued to emphasize professional development by sponsoring employees to earn certifications through organizations such as the Association of Inspectors General and the Association of Certified Fraud Examiners. Members of the Office also participated in the Commonwealth's year-long CORE management program. Other employees attended specialized trainings on topics such as computer forensics, data analytics and health care fraud. As part of its commitment to a positive and supportive

OFFICE OF THE INSPECTOR GENERAL

MISSION


The Office of the Inspector General is an independent oversight agency that promotes good government by preventing and detecting the misuse of public funds and public property. The Office conducts confidential investigations, improves transparency in government, helps government run more effectively, and educates government employees and the public to help government operate efficiently and use public funds appropriately.

VISION

Enhancing public confidence in government, ensuring accountability, and promoting the best interests of the people of the Commonwealth in the use of public funds and property.

VALUES

Accountability and Excellence	Improvement and Innovation
Collaboration and Internal Communication	Independence and Objectivity
Confidentiality	Integrity and Respect
	Outreach and External Communication

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workplace, the Office also provided office-wide trainings on subjects such as preventing violence in the workplace, ethics, fraud reporting, implicit bias and sexual harassment prevention.

Looking more closely at specific divisions within the Office, the Audit, Oversight and Investigations Division worked on numerous criminal and civil matters that led to convictions, indictments, settlements, restitution and corrective measures. These matters included the review of payments and benefits for the former director of a charter school that identified \$100,000 in sick time payments the director could not have accrued; the review of sick leave policies at municipal light plants, which found \$9.2 million in payments to former employees for unused sick time in three communities' light plants; and, an investigation into public officials negotiation and approval of a police superior officers' contract which would have paid its captains an average salary of \$432,000.

As part of its statutory mandate, the Bureau of Program Integrity ("Bureau") conducted reviews and investigations related to the Department of Developmental Services ("DDS") and the Department of Transitional Assistant ("DTA"). In addition, as required by statute, the Bureau worked collaboratively with EOHHS, DDS and DTA to develop long-term relationships focused on making lasting improvements to their management infrastructure and program administration as well as enhancing their fraud detection capabilities. Additionally, the Bureau expanded its scope of work to include collaborating with the Department of Mental Health ("DMH") and the Department of Children and Families ("DCF") on specific projects aimed at addressing potential business risks.

In July 2018, the Legislature established the Division of State Police Oversight ("Division") within the Office. The Division's scope encompasses, but is not limited to, (1) monitoring the quality, efficiency and integrity of the Massachusetts State Police's ("MSP") operations, organizational structure and management functions; (2) seeking to prevent, detect and correct fraud, waste and abuse in the expenditure of public funds within the MSP; and (3) monitoring policy changes instituted as a result of the MSP's certification or accreditation by a state or national police accrediting agency. The Division's main focus to date has been monitoring the MSP's efforts to obtain certification or accreditation. To that end, the MSP submitted an application seeking certification to the Massachusetts Police Accreditation Commission, hired a full-time accreditation manager whose sole job function is to guide the MSP through the accreditation process, and is currently in the self-assessment phase toward achieving certification.

The Internal Special Audit Unit ("ISAU") reported on its review of change orders and contract overruns for the design and final phase of construction of the Veterans Memorial Bridge, which crosses the Taunton River in Bristol County. The ISAU identified opportunities for the Massachusetts Department of Transportation to strengthen contract administration procedures for large-scale construction projects, with an increased focus on design errors and cost recoveries. The review also highlighted improvements needed for designer oversight and accountability, the importance of conducting public procurements, and the need to secure all appropriate approvals and permits prior to beginning construction. Overall, the ISAU identified nearly \$20 million in missed opportunities for cost savings. Further, the ISAU continued to participate in the RMV's placard abuse task force, worked with MassDOT to promote training and process improvements, and continued to operate its three fraud hotlines.

The Policy and Government Division (“Division”) conducted healthcare reviews of the Massachusetts Medicaid and Health Safety Net programs. The reviews focused on adult day health, adult foster care, dental care, optometry and personal care attendants. In all five areas, the Office made recommendations to strengthen program integrity and increase the detection of fraud, waste and abuse. Additionally, the Division continued to participate in the development of policies and procedures related to the Commonwealth’s public design and construction laws, reviewed public land transactions and provided input on over 100 pieces of legislation.

Also during 2018, the Regulatory and Compliance Division (“Division”) provided technical assistance to state and local government officials regarding Massachusetts’ public procurement laws, trained approximately 2,100 participants in procurement law, fraud awareness and public governance through its MCPPO training program, and responded to 1,350 inquiries about public bidding laws. Because education is vital to preventing fraud, waste and abuse, the division also expanded its training program by adding new classes; offering more on-site classes across the Commonwealth; publishing newsletters, advisories, and procurement charts; and creating free, online training videos for government officials and the public. Additionally, for the first time, the Office held a summer session during July and August with all summer classes held outside of Boston.

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

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ABOUT THE OFFICE

The Office of the Inspector General for the Commonwealth of Massachusetts (“Office”) is an independent agency charged with preventing and detecting fraud, waste and abuse in the use of public funds and public property.

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

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

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

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

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

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

public corruption or other wrongdoing in a wide array of public sectors, such as administration, human services, municipal authorities, public works, retirement benefits and transportation.

Additionally, the AOI Division works to prevent and detect fraud, waste and abuse by conducting large systemic reviews; proposing legislative and regulatory changes; and recommending improvements to internal and financial controls in the expenditure of public funds. The AOI Division also issues public advisories and letters to help state and local governments reduce fraud, waste and abuse.

The **Bureau of Program Integrity** (“Bureau”) focuses on public benefits programs administered by the Executive Office of Health and Human Services (“EOHHS”). In this role, the Bureau is responsible for preventing, detecting and correcting fraud, waste and abuse in benefits programs through investigations, performance audits and reviews, as well as consultation and collaboration with EOHHS agencies.

The **Division of State Police Oversight**¹ (“DSPO”) monitors the quality, efficiency and integrity of the Massachusetts State Police’s (“MSP”) operations, organizational structure and management functions. Additionally, DSPO seeks to prevent, detect and correct fraud, waste and abuse in the expenditure of public funds and monitors policy changes instituted as a result of the MSP’s certification or accreditation by a state or national police accrediting agency pursuant to M.G.L. c. 22C, § 73.

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

The **Legal Division** provides essential legal advice 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 procurement law, and provide guidance on public procurement matters to state and local officials. Attorneys in the Legal Division also assist the Office’s investigatory divisions by taking testimony; analyzing evidence; conducting legal research; coordinating responses to and enforcing summonses; and liaising with state, municipal and private entities on legal issues that may arise during an investigation or review. Attorneys in the Legal Division’s Civil Recovery Unit investigate and develop matters for potential civil recovery pursuant to M.G.L. c. 12A, § 11. These attorneys work closely with the other investigative units within the Office, frequently partnering on investigations that may be appropriate for civil recovery. Members of the Civil Recovery Unit also work closely with the Massachusetts Attorney General’s Office when developing matters for litigation.

The **Policy and Government Division** (“P&G Division”) oversees the Office’s policy, healthcare and legislative initiatives. The P&G Division is responsible for carrying out the Legislature’s annual mandate for the Office to study and review the Massachusetts Medicaid and Health Safety Net programs.

¹ M.G.L. c. 22C, § 72, 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 P&G Division also reviews programs and practices in state and local agencies to identify system-wide vulnerabilities and opportunities for improvement.

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

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

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

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HOTLINES

I. Fraud, Waste and Abuse Hotlines

The Office is committed to ensuring that individuals can confidentially report suspected wrongdoing in the use of public funds or assets. Individuals therefore can report suspected misconduct to the Office in person or by telephone, U.S. mail, email or facsimile (collectively, “hotlines”). All complaints to the Office’s hotlines are treated confidentially, and individuals can choose to submit a complaint anonymously.

In the Association of Certified Fraud Examiners’ *2018 Report to the Nations on Occupational Fraud and Abuse*, data collected for more than a decade showed frauds are more likely to be detected by a tip when a hotline is in place.

The Office evaluates each complaint to determine whether it falls within the Office’s jurisdiction and whether it warrants action. Some complaints lead to extensive investigations, some are referred to other agencies and others are closed if a preliminary inquiry fails to substantiate the allegations.

While not all complaints result in an investigation or review, many uncover wrongdoing, such as corruption, theft, time fraud, favoritism in selecting contractors, mismanagement or wasteful spending. Complaints made to the Office’s hotlines also result in improvements in the how government agencies operate. Complaints often lead to cost recoveries and civil settlements as well.

The Audit, Oversight and Investigations Division operates the Office’s main fraud hotline. In this role, the Division carefully reviews and evaluates all complaints it receives. The Internal Special Audit Unit (“ISAU”) maintains a hotline for members of the public to anonymously report suspected fraud, waste or abuse in the expenditure of MassDOT funds. The hotline is available on the Office’s, MassDOT’s and the MBTA’s websites. The ISAU also maintains an employee hotline on MassDOT’s intranet and monitors the RMV’s disability parking placard hotline.

The Office received 5,605 hotline complaints between January 1, 2013, and December 31, 2018. The volume of complaints has grown by 141% in six years. In 2018 alone, the Office received and responded to 1,422 complaints. The main fraud hotline received 1,124 complaints while the ISAU hotlines received 298 complaints.

Figure 1. Hotline Complaints by Calendar Year

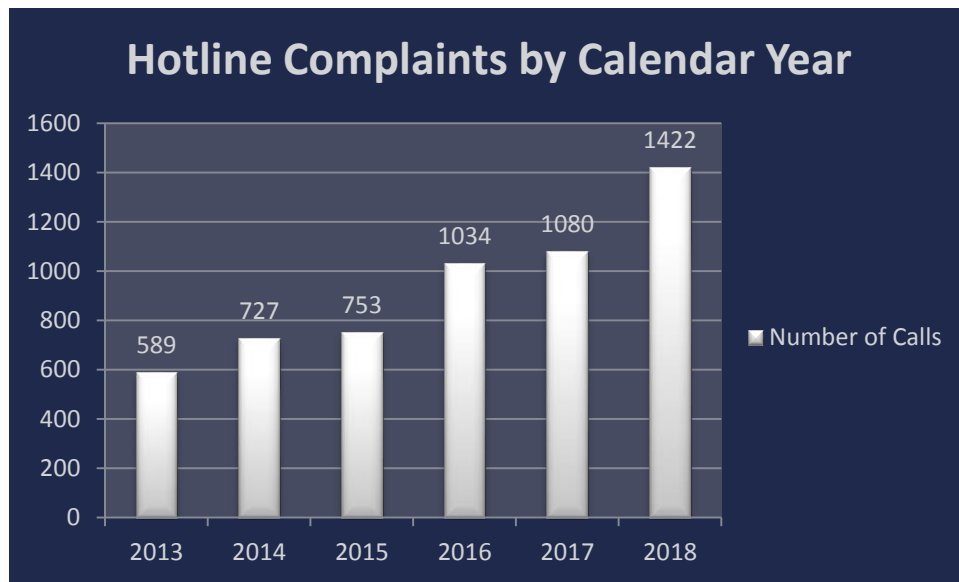
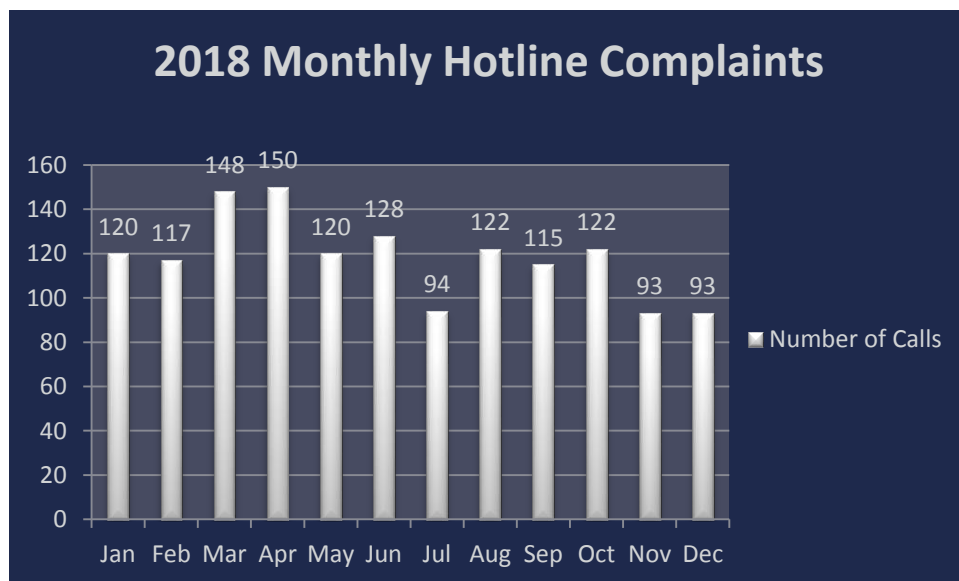


Figure 2. 2018 Monthly Hotline Complaints



II. Chapter 30B Hotline

Education is critical to improving government and safeguarding public assets. Consequently, the Office has established a hotline to respond to questions and complaints concerning public procurements. Through the hotline, the Office helps municipalities comply with state bidding laws and

conduct fair, open and competitive procurements. Calls to the hotline also lead public entities to rebid contracts, strengthen procurement procedures, institute internal controls and implement other process improvements. In 2018, the Office responded to approximately 1,350 inquiries and questions about the Uniform Procurement Act, M.G.L. c. 30B, as well as other public bidding laws and practices.

No two hotlines calls are the same. Some questions are straightforward while others present complex, fact-specific issues that require in-depth analysis and research. The top inquiries on the Chapter 30B hotline for 2018 were questions regarding the applicability of Chapter 30B to procurements, construction bid laws, requirements for requests for proposals, use of statewide contracts, real property acquisition and disposition, cooperative purchasing requirements and sole-source purchases. The hotline received calls from municipalities across the Commonwealth, regional school districts, state agencies, housing authorities, planning commissions, light plants, community colleges, and many other public jurisdictions, vendors and the general public.

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AUDIT, OVERSIGHT AND INVESTIGATIONS DIVISION

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

In 2018, the Division responded to over 1,124 unique complaints from public employees, private citizens, municipalities, and other public and private entities. The Division also investigated and reviewed a wide range of alleged wrongdoing, including bribery, illegal gratuities, embezzlement, forgery, larceny, false claims, tax fraud, procurement fraud, and time fraud and abuse. The Division’s work crossed diverse areas of government, including administration, human services, libraries, municipal authorities, pensions, tax collection, transportation and whistleblower protections.

Below is a representative sample of the Division’s work from 2018:

I. Administration

A. Methuen Officials Violated State and City Rules to Approve Police Contract

Following calls and complaints to its fraud hotline, the Office conducted an investigation into Methuen officials’ negotiation and approval of the city’s most-recent contract with its police supervisors.

The Office found that the contract’s terms would significantly raise salaries for the 26 sergeants, lieutenants and captains on Methuen’s police force; some salaries would increase by more than 100 percent. For example, police captains’ average salary would increase more than 180 percent from the prior contract, to \$432,295 per year. The captains’ salaries would surpass those of top law enforcement officials for Massachusetts and major cities across the country.

Figure 3. 2017 Police Salaries

Title	2017 Salary ²
Methuen Police Captain (Estimated)	\$432,295
Los Angeles Police Commissioner	\$371,076
Chicago Police Superintendent	\$260,004
Massachusetts State Police Colonel	\$241,845
Boston Police Commissioner	\$238,846
New York City Police Commissioner	\$226,366

The investigation further revealed that the contract's unprecedented pay increases would have far exceeded the police department's budget. After the raises came to light, Methuen's mayor signed a memorandum of understanding ("MOU") that outlined somewhat smaller raises for superior officers, but still well above the level the department's budget could support. As a result of the MOU, city officials had issued layoff notices to 50 patrol officers, about half of the police department's uniformed staff.

Finally, even though the Mayor had been paying the superior officers the salaries outlined in the MOU, the City Council never approved the MOU as required under local and state law.

The Office concluded that the former mayor and the Methuen City Council likely violated state laws, failed to comply with their own municipal rules and breached their fiduciary duties to the residents of Methuen. Specifically, the Office found that:

- city officials failed to analyze the financial impact of the contract as mandated under city rules;
- the City Council voted to approve the contract on the same day it was introduced, violating the City Charter and a City Ordinance;
- the City Council improperly invoked a procedural rule in order to allow councilors with conflicts of interest to vote on the contract;
- City Councilors and the former mayor neglected their obligations as public officials to exercise care and due diligence on behalf of Methuen's residents.

² The first year of the Superiors' contract was 2017.

The Office recommended that the City Council take steps to rescind the police superiors' contract, including contacting the State Ethics Commission as well as consulting with legal counsel as to the validity of the contract and the MOU. After the Office issued the letter, Methuen stopped paying the superior officers based on the MOU and reverted to payment based on the prior contract.

B. Charter School Board Overpaid Former Executive Director at Least \$100,000 and Failed to Oversee Her Use of Leave Time

The Office investigated the payments and benefits a Boston-based charter school gave to its former Director, Karmala Sherwood. The Office found that the Board of Trustees (the "Board") of the Helen Y. Davis Leadership Academy ("DLA") paid Ms. Sherwood \$100,000 for sick time that she could not have accrued or carried over from year to year.

The Office also found that between 2011 and 2017, the Board more than doubled Sherwood's base salary and gave her benefits, such as no-cost health insurance, that it did not offer other DLA staff. Further, in 2017 the Board paid Sherwood \$386,000 in salary, benefits and payouts: this represented 11.3% of the school's tuition revenue for the year.

The Office concluded that, while the Board did not act in bad faith, it did not act in the school's best interest with respect to Sherwood's sick leave, compensation package or consulting arrangement. Similarly, Board members did not appreciate their role as stewards of the school's finances or their obligations to actively oversee the executive director. In October 2018, the Office issued a letter that recommended corrective actions to strengthen the Board's stewardship of the school and protect public funds.

C. Fall River Mayor Indicted on Tax Fraud and Wire Charges

The Office conducted a joint investigation with the United States Attorney's Office, the FBI, the Internal Revenue Service, and the United States Department of Housing and Urban Development into the alleged tax fraud and wire fraud by Fall River Mayor Jasiel Correia.

In 2012, Mayor Correia founded SnoOwl, which was supposed to create an application designed to connect local businesses with their target consumer market. In approximately January 2013, Mayor Correia began seeking individuals to invest in SnoOwl in return for equity in the company. Allegedly, Mayor Correia falsely represented that he was a successful tech entrepreneur who previously sold another app for a large profit, that investment funds would be used to develop the application. He also allegedly stated that he would not take a salary or otherwise draw compensation from SnoOwl.

The investigation found evidence that seven individuals invested a total of \$363,690 in SnoOwl. However, rather than using the investment funds to develop the app as Mayor Correia certified in signed agreements with investors, it is alleged that Mayor Correia used at least \$231,447 – approximately 64 percent of the money invested – to fund a lavish lifestyle, burgeoning political career

and other business ventures. Mr. Correia allegedly used the investment funds to buy tens of thousands of dollars of luxury items, including a Mercedes, jewelry and designer clothing; to pay for personal travel and entertainment, including tens of thousands of dollars on airfare, hotels, restaurants, casinos, and adult entertainment; to pay down personal student loan debt; to fund his political campaign; and to make charitable donations in his own name.

Mayor Correia allegedly concealed the theft of funds from investors by providing false positive updates on SnoOwl's status and refusing to provide the company's financial records, which would have revealed his fraud. In addition, Mayor Correia allegedly concealed his ill-gotten gains from the IRS when filing his 2013 and 2014 individual tax returns.

In 2015, Mayor Correia announced his candidacy for mayor of Fall River. Mayor Correia promoted his stewardship of SnoOwl to Fall River voters as one of his primary qualifications for mayor.

By May 2017, Mayor Correia was aware that SnoOwl was the subject of a federal investigation, and instructed an accountant to file amended 2013 and 2014 personal tax returns. Because the accountant relied on false information from Mayor Correia, the amended returns classified SnoOwl as a sole proprietorship, instead of a partnership, a critical distinction for tax purposes. As a result, Mayor Correia was not assessed any tax liability for any of the investor money that he took for himself, and he actually received a refund from the IRS in June 2017.

In October 2018, Mayor Correia was arrested and charged with wire and tax fraud. Specifically Mayor Correia was indicted on nine counts of wire fraud and four counts of filing false tax returns in federal court in Boston. Mayor Correia is presumed innocent until proven guilty.

II. Human Services

A. Former DDS Employee Indicted for Overtime Fraud

Following a call to the Office's fraud hotline, the Office and the Attorney General's Office conducted a joint investigation that led to the indictment of a former employee at the Department of Developmental Services ("DDS"). Katelynn Sullivan, a former Developmental Service Worker II at a group home for adults with intellectual disabilities, allegedly stole more than \$42,000 over an 18-month period between August 2015 and February 2017.

The employees of the group home where Ms. Sullivan worked are DDS employees, and are paid by the Commonwealth. The investigation found evidence that, between July 2015 and February 2017, Ms. Sullivan allegedly obtained unauthorized access to the DDS timekeeping system and entered 1,428 overtime hours that she had not actually worked.

The indictments included one count of larceny over \$250 and one count of submitting a false claim. Ms. Sullivan was arraigned in Suffolk Superior Court on February 4, 2019. She is presumed innocent until proven guilty.

III. Library

A. Former Ashburnham Library Director Pled Guilty to Embezzlement

Following a joint investigation by the Office and the Worcester District Attorney's Office, the former director of the Stevens Memorial Library in Ashburnham pled guilty to embezzling over \$53,000 from the library. The investigation found evidence that between March 2010 and July 2014, Cheryl Paul-Bradley stole money from the library by making cash withdrawals from a library bank account and by forging and cashing checks written on that same account.

In January 2018, Ms. Paul-Bradley pled guilty to one count of embezzlement by a municipal official, two counts of forgery and two counts of cashing forged checks. A Worcester Superior Court judge ordered Ms. Paul-Bradley to serve three years of probation and to forfeit her municipal pension. Ms. Paul-Bradley is also prohibited from acting as a fiduciary in any capacity and was ordered to pay restitution of \$19,556 to the town of Ashburnham.

IV. Municipal Authorities

A. Former Public Officials Indicted on Larceny Charges

The Office conducted a joint investigation with the Massachusetts Attorney General's Office and the Marion Police Department, in cooperation with the towns of Carver, Marion and Wareham. That investigation led to a statewide grand jury indicting the two former top officials of the Carver, Marion, Wareham Regional Refuse Disposal District ("District") on larceny charges. The indictments charge the District's former executive director with stealing more than \$610,000 in District funds, and the District's former board chairman with stealing almost \$65,000 in District funds.

According to the indictments, the District's former executive director, Ray Pickles, allegedly stole more than \$610,000 over the course of six years. Investigators found evidence that Mr. Pickles allegedly was the sole signatory on two District bank accounts, from which he wrote checks to himself that he then cashed.

The indictments also allege that Mr. Pickles secretly established an account in the District's name at two other banks. Mr. Pickles allegedly deposited checks intended for the District into these secret accounts, from which he made payments on his personal credit cards and withdrew cash for personal use. In addition, Mr. Pickles allegedly overcharged the District by submitting invoices for services he did not perform. He is also charged with using District funds to pay for fuel for his boat. He faces six counts of larceny.

The investigation also found that Robert Tinkham allegedly received compensation from the District for inspections he did not perform while serving as the chairman of the District's board. According to the indictment, the payments came from District accounts to which Mr. Pickles had

exclusive access and totaled approximately \$65,000. He faces one count of larceny and one count of presenting a false claim.

The defendants are presumed innocent until proven guilty.

B. Ratepayer Cost Burden: The Expense of Municipal Light Plants' Sick-Leave Payouts

The Office reviewed the sick-leave policies at 40 municipal light plants in Massachusetts, including the plants' policies for paying employees for unused sick leave. The Office found that for some light plants, employees' accrued sick leave represents a significant financial liability that ultimately is borne by their communities' ratepayers.

Over a six-year period, for example, 26 light plants paid approximately \$10.7 million to 219 employees for unused sick leave, an average of more than \$49,000 per employee. Three communities' light plants accounted for \$9.2 million (85 percent) of that total.

Figure 4. Leave Time Payments

By the Numbers: Light Plants 2010 - 2016	
\$13,500,000	Paid to employees for unused leave time
\$10,700,000	Paid to employees for unused sick leave
\$9,200,000	Total sick-leave payouts made by the Taunton, Reading and Westfield light plants
\$350,000	Highest single sick-leave payout
\$49,000	Average payment for unused sick leave

The Office also found that light plants' sick-leave policies vary widely, from paying employees for 100 percent of their unused sick time when they leave the plant to no payouts to departing employees. In contrast, the state generally pays its employees for 20 percent for their unused sick time, and only upon retirement. Paying 100 percent of any unused sick leave creates an undue burden on ratepayers and light plant budgets, detracting from their ability to spend funds efficiently and in the best interest of the ratepayers. Also, certain light plants pay employees at the end of each year for 100 percent of any unused sick leave.

In its [report](#), the Office recommended changes to light plant policies to bring them in line with either state or local rules on sick leave. The Office urged municipal officials to take an active role in overseeing the light plants in their communities, including conducting thorough reviews of light plant expenditures. Lastly, the Office recommended legislative measures, including requiring periodic audits and reporting leave balances.

V. Pensions

A. Former Lobbyist Pled Guilty in Pension Fraud Case

In 2017, the Office worked with the Attorney General's Office on the prosecution of Richard McDonough, a former lobbyist, for filing a false claim in connection with his pension application to the Massachusetts State Retirement Board.

Mr. McDonough's pension eligibility was based on his claim that he worked full-time at the Merrimack Special Education Collaborative ("MSEC"), a public entity, from 2003 to 2008. An investigation by the Office revealed evidence that Mr. McDonough did very little work for the public entity. He did not have an office at any of MSEC's facilities or a telephone number associated with the public entity. The Office's investigation further revealed that during the years Mr. McDonough was listed on MSEC's payroll as a full-time employee, he was simultaneously earning up to \$1.1 million a year as the principal of his lobbying firm, McDonough Associates. Mr. McDonough's lobbying clients included the Merrimack Education Center, a private non-profit corporation associated with MSEC.

Mr. McDonough submitted his retirement application on February 24, 2009, claiming that he had retired from MSEC on December 31, 2008. The State Retirement Board paid Mr. McDonough a pension of approximately \$2,400 a month until the Office notified the Board about its findings concerning Mr. McDonough. All told, the State Retirement Board paid Mr. McDonough \$96,516.39.

In response to the Office's work, the State Retirement Board voted to rescind Mr. McDonough's membership in the state retirement system and to seek repayment of \$10,852.55, which is the difference between the contributions in Mr. McDonough's retirement account when he retired (\$86,194.30) and the amount the Board paid him in pension benefits (\$96,516.39). Mr. McDonough has appealed the State Retirement Board's decision to the Division of Administrative Law Appeals ("DALA"). That appeal is pending.

Also as a result of the Office's investigation, Mr. McDonough was indicted for defrauding the state pension system. On March 21, 2018, he pled guilty to one count of presenting a false claim in connection with his pension application. A state judge declined to enter a guilty finding and continued the matter without a finding for two years. The judge ordered Mr. McDonough to pay \$10,852.55 in restitution to the State Retirement Board but stayed that order pending the resolution of the DALA appeal and Mr. McDonough's payment of federal fines and restitution in connection with a prior criminal conviction in federal court.

VI. Tax Collection

A. Former Blandford Tax Collector Guilty of Stealing Taxpayers' Money

The Division and the Attorney General's Office conducted a joint investigation into alleged misconduct by Leann Thompson, who served as the tax collector for the town of Blandford from 2002 to 2011. The joint investigation found evidence that Ms. Thompson used various methods to misappropriate money paid to the town and to conceal her improper actions. Evidence indicated, for instance, that Ms. Thompson received tax payments in cash but never deposited the funds into the town's bank account. Ms. Thompson also used other taxpayers' funds and escrow checks to conceal her conduct.

Following the investigation, a Hampden County grand jury indicted Ms. Thompson for one count of embezzlement by a public official, one count of using an official position to secure an unwarranted privilege and one count of larceny over \$250. The indictment alleged that Ms. Thompson stole more than \$150,000.

Ms. Thompson subsequently entered an *Alford* plea - maintaining her innocence but admitting that there was sufficient evidence for a judge or jury to find her guilty – on all counts in the indictment. In March 2018, a state judge ordered Ms. Thompson to serve two years of probation and to pay restitution of \$13,093.96, which represents the taxpayer funds she used to pay her own tax bills. Ms. Thompson is also prohibited from holding a job in the public sector and handling company finances while on probation.

VII. Transportation

A. Third Set of Indictments Brought Against Former MBTA Procurement Official

A joint investigation with the Attorney General's Office led to 13 criminal charges against a former buyer for the Massachusetts Bay Transportation Authority ("MBTA"), as well as criminal charges against two MBTA vendors, in connection with several alleged procurement fraud schemes.

In March 2017, a statewide grand jury indicted Timothy Dockery, a former buyer for the MBTA. The indictment alleged that Mr. Dockery had engaged in several illegal arrangements with vendors to defraud the MBTA and enrich himself. For instance, the indictment alleged that Mr. Dockery committed larceny with an MBTA vendor who submitted approximately \$38,000 in false invoices to the MBTA – and that the pair split the proceeds. Mr. Dockery is also alleged to have received illegal gratuities from three MBTA vendors, including over \$60,000 in cash; luxury box seats and high-end tickets to professional sporting events and concerts worth over \$23,000; and about \$8,000 in free meals and custom-printed items for a limousine company that Mr. Dockery and his wife own. The statewide grand jury also

indicted William Sheridan, a private contractor for the MBTA, for allegedly participating in procurement fraud schemes with Mr. Dockery.

In June 2017, a statewide grand jury charged Mr. Dockery with accepting a bribe from a supplier and engaging in illegal activities with another vendor, thereby defrauding the MBTA and enriching himself. Specifically, the grand jury issued additional indictments alleging that Mr. Dockery solicited and received a \$5,000 cash bribe from a supplier of flooring tiles in exchange for awarding a \$32,500 contract to the supplier. The indictments further alleged that Mr. Dockery engaged in procurement fraud by fabricating information in the MBTA's procurement file to justify awarding a \$200,000 contract for bus radiator repairs on MBTA buses. Mr. Dockery also allegedly received illegal gratuities, including free auto repairs, a hotel gift card, lunches and dinners in exchange for assistance in securing contracts with the MBTA.

In February 2018, a Suffolk County grand jury indicted Mr. Dockery on two additional illegal gratuities charges involving more than \$200,000 in kickbacks from Mr. Sheridan and the building of an in-ground pool at Mr. Dockery's private residence. Overall, the three sets of indictments charge Mr. Dockery with 13 counts of criminal conduct involving six different MBTA vendors over several years, including receiving more than \$300,000 in bribes and gratuities.

The Criminal Bureau of the Attorney General's Office is prosecuting this case in Suffolk Superior Court with assistance from the Division. Mr. Dockery is presumed innocent until proven guilty.

VIII. Whistleblower Protections

A. Town of Newbury Paid Office Whistleblower Over \$523,000, Including Attorney Fees, for Violating the Massachusetts Whistleblower Act

In 2018, a Superior Court judge ordered the town of Newbury to pay over \$523,000, including attorney's fees, to a former employee who was subjected to retaliation for filing a complaint with the Office. In his ruling, the judge found that the plaintiff had engaged in protected whistleblower activity when he reported alleged violations of state law to the Office. In his complaint to the Office, the former employee had raised concerns regarding the town's assignment of moorings to private businesses, as well as possible certain conflicts of interest related to appointments made to a town task force. The Office investigated the complaint and issued a report in 2011. The report documented improper activities and conflicts of interest in awarding moorings in Newbury.

In July 2018, the Town of Newbury paid over \$523,000 to the whistleblower.

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BUREAU OF PROGRAM INTEGRITY

The Bureau of Program Integrity (“Bureau”) monitors the quality, efficiency and integrity of programs administered by the Executive Office of Health and Human Services (“EOHHS”). The Bureau’s enabling statute, M.G.L. c. 6A, § 16V, directs the Bureau to prevent and detect fraud, waste and abuse and to make recommendations to improve the business processes that support benefits programs. The Legislature specifically directed the Bureau to review eligibility processes, to assist with data sharing among state agencies and to consult with the Program Integrity Division at the Department of Transitional Assistance (“DTA”). These mandates allow the Bureau to take a collaborative approach to its oversight work, and the Bureau often collaborates with EOHHS agencies on projects aimed at addressing business and fraud risks.

In addition, the Bureau conducts investigations in response to complaints that the Office receives regarding EOHHS agencies and programs. Often, the Bureau collaborates with the Audit, Oversight and Investigations Division (“AOI Division”) on complaints received through the Office’s hotline. The Bureau assisted the AOI Division in responding to 13 complaints in 2018.

Two of the Bureau’s investigations involved former Department of Developmental Services (“DDS”) employees, which led to the following law enforcement action:

- The indictment of a former DDS employee for overtime fraud. The employee allegedly stole more than \$42,000 by obtaining unauthorized access to the DDS timekeeping system and entering hours that she did not work. For this investigation, the Bureau collaborated with the AOI Division, and the Attorney General’s Office is prosecuting the matter. (See AOI section, page 16.)
- The indictment of a former DDS employee for theft of groceries and misappropriation of DDS funds to purchase groceries for her personal use. The employee allegedly submitted fraudulent invoices totaling over \$15,000 over a 5-year period. The Northwestern District Attorney’s Office is prosecuting this matter.

Notably, these investigations emanated from hotline complaints by public employees who were concerned about fraud and waste of state resources and turned to the Office for help. While working on these investigations, the Bureau identified significant systemic issues and recommended that DDS build a new internal control infrastructure for state-operated group homes.

Throughout 2018, the Bureau continued to work with DTA on improving the administration of the Supplemental Nutrition Assistance Program (“SNAP”) and the Transitional Aid to Families with Dependent Children (“TAFDC”) program. The Bureau conducted a series of reviews to determine the extent to which DTA had implemented key recommendations from the Bureau’s past reports and advisory letters. The Bureau also collaborated with DTA’s Program Integrity Division on improving its fraud detection capabilities and data-matching capacity.

The Bureau expanded its scope of work in 2018 by engaging with the Department of Mental Health (“DMH”) as part of a broader project aimed at improving the administration of SNAP benefits to residents of DMH-operated group homes. In addition, the Bureau collaborated with the Department of Children and Families (“DCF”) to present an initial training module on contract administration for DCF’s contract managers.

The following is a more detailed summary of the Bureau’s work:

I. Department of Developmental Services

In 2017 and 2018, the Bureau found that DDS lacked fundamental controls in its management and operation of group homes. State-operated group homes are small, community-based residences administered directly by DDS for individuals with developmental disabilities. DDS operates approximately 200 group homes, and in 2017 and 2018, the annual budget appropriation for them was over \$200 million. The Bureau found vulnerabilities in the decentralized approach to management that DDS had implemented. The Bureau summarized its observations and recommendations in advisory letters addressed to DDS and EOHHS. The Bureau recommended fundamental changes in the management infrastructure for state-operated group homes and a new agency-wide “tone at the top” supporting internal controls.

Throughout 2018, the Bureau worked collaboratively with DDS to oversee the agency’s response to the Bureau’s recommendations. The Bureau partnered with the Risk Management Team at the Office of the State Comptroller to leverage their subject matter expertise as the Bureau conducted risk assessment and made recommendations.

A. Creating New Management Infrastructure

The Bureau met with DDS management on a monthly basis throughout 2018 to track DDS’s responses to the Bureau’s recommendations and to provide guidance and collaboration in particular areas. The Bureau also coordinated with EOHHS to ensure that DDS had additional support and resources to implement changes to its management infrastructure and internal control plan. In response to the Bureau’s recommendations, DDS created and implemented a new internal program integrity unit and enhanced its internal controls.

1. Program integrity leadership

DDS created its own internal Bureau of Program Integrity (“DDS BPI”). Modeled after the Bureau, the purpose of the DDS BPI is to incorporate the values of transparency, oversight and partnership across the agency and implement effective statewide agency risk management. The managers in the DDS BPI lead the agency’s risk management efforts. They operate an internal fraud hotline, conduct internal reviews, draft procedures and set up monitoring processes.

In implementing an internal fraud hotline and by following up on complaints, DDS adopted many practices from the Office's fraud hotline and took a significant step towards creating a culture of intolerance for fraud and waste. The DDS BPI raised awareness about the hotline through agency-wide training sessions and by posting flyers in regional offices. DDS defined theft and fraud broadly and informed staff that they were required to make a complaint "when money, services or goods are misappropriated, stolen or misused." In addition, with guidance from the Bureau, the DDS BPI managers drafted and implemented procedures for documenting and following up on hotline complaints with investigations and reviews. In fiscal year 2017, the DDS BPI received 12 hotline complaints; thus far, in fiscal year 2018, the DDS BPI received 16 complaints. The Bureau collaborated with the DDS BPI on responding to some of these complaints.

2. Internal controls

With input from the Bureau, the DDS BPI developed a training curriculum to raise awareness about fraud risks and to inform staff of their obligations to prevent fraud, waste and abuse. The training materials included several options for DDS staff to report fraud, waste and abuse, including the internal hotline at DDS and the Office's fraud hotline.

In addition, for the first time, DDS issued statewide procedures for state-operated group homes. These procedures reflected an important shift away from regionally based practices of operating group homes to a more centralized system of internal controls and monitoring. The procedures focused on areas of identified risk, including payroll practices, time reporting, food purchasing and the utilization of SNAP benefits. The Bureau provided feedback as DDS drafted and disseminated these procedures; it also recommended that DDS enhance its communication systems for state-operated group homes in order for DDS staff to have immediate digital access to all standard procedures. DDS partnered with the Executive Office of Technology Services and Security ("EOTSS") to upgrade its communication systems.

B. Implementing Systemic Reforms to Payroll Practices and Food Purchasing

In addition, the Bureau worked collaboratively with DDS to address concerns that arose during the course of its investigations.

1. Payroll practices

The Bureau found vulnerabilities in time reporting from state-operated group homes and recommended that DDS revamp its time validation practices and its system controls on the state's time reporting database called Self-Service Time and Attendance ("SSTA"). In partnership with the Comptroller's Office, DDS attempted to implement pilot testing of electronic timekeeping devices; however, DDS found that the business technology infrastructure for group homes would not support the timekeeping devices. DDS delayed its pilot testing of the devices in order to work with EOTSS on upgrading the technology infrastructure for group homes. While the pilot testing of timekeeping devices remained on hold, DDS reviewed its timekeeping documentation and data entry processes. The Bureau

joined a working group dedicated to this effort and provides ongoing risk assessment and feedback to the group.

2. Food purchasing

The Bureau conducted a broad review of the policies, procedures and processes that DDS had in place regarding purchasing food, processing invoices and utilizing SNAP benefits. The Bureau learned that DDS “pooled” the SNAP benefits of group home residents and found that DDS utilized these benefits, in addition to other sources of funding, to pay invoices for food purchases. The Bureau found that DDS had not established adequate rules for this “pooling” approach and had not monitored the business processes related to pooling. In response, DDS issued statewide procedures for food purchasing and the utilization of SNAP benefits. The Bureau is overseeing DDS’s efforts to monitor compliance with these procedures. In addition, the Bureau initiated a joint working group with DDS and DTA to assess and improve the administration of SNAP benefits to residents of state-operated group homes.

II. Department of Transitional Assistance

A. Improving the Administration of SNAP Benefits to Residents of State-Operated Group Homes

Having identified business and fraud risks related to the utilization of SNAP benefits on behalf of residents of DDS-operated group homes, the Bureau recognized that DTA, as the agency with the primary responsibility for overseeing and administering the SNAP program, should play a significant role in problem solving. The Bureau approached DTA about facilitating a working group comprised of lead staff from DTA, DDS and the Bureau. The Bureau’s goals for DTA and DDS were to develop and implement new approaches to interagency communication, overlapping case management functions and data-sharing. Both DDS and DTA committed program development, business analytics and legal resources to the working group.

After meeting with the Bureau on a regular basis over several months, the working group produced a new plan for the administration of SNAP benefits for residents of state-operated group homes, laid out in a data-sharing agreement and a memorandum of understanding. DTA and DDS have identified lead staff to communicate regularly and have started to implement an integrated approach to case management. DTA and DDS are exchanging data on a monthly basis to ensure that they are managing the SNAP benefits of shared clients with accurate and reliable information. The working group still meets periodically to discuss ongoing efforts aimed at data clean-up and SNAP case management.

Later in 2018, DTA initiated a working group with representatives from DMH to review and improve the administration of SNAP benefits to residents of DMH-operated group homes. DTA and DMH invited the Bureau to participate in the working group. The group is still in the initial stages of assessing DMH’s current business practices for SNAP administration. DMH has acknowledged that group homes

vary in their approaches to SNAP benefits, that their procedures are not well-defined or well-documented and that their internal controls are lacking.

The Bureau has spearheaded efforts to improve the administration of SNAP benefits across the Secretariat. EOHHS has agreed to partner with the Bureau and provide leadership and guidance to all of the agencies that operate group homes and administer SNAP benefits on behalf of residents.

B. Following up on the Bureau's Previous Recommendations

In 2018, the Bureau continued to work collaboratively with DTA to improve the administration of DTA's benefit programs. One specific improvement that DTA made was creating the Budget and Policy Analytics Unit ("BPA"), a coordinated group of analysts who support budget building, program development and continuous improvement. DTA acknowledged that the Bureau's recommendations were a driving force behind the creation of BPA. The Bureau regularly collaborates with the analysts from BPA on identifying methodologies and tools to use DTA's data effectively.

The Bureau also conducted reviews in order to track and follow up on other recommendations. The following are some highlights of that work.

1. Intake and eligibility determination processes

In January 2013, the Office issued a public report responding to a specific mandate from the Legislature to evaluate the process by which DTA verified eligibility for TAFDC benefits. In the wake of that report, the Bureau was created, and the Legislature mandated a second report on the management and operations of DTA. The Bureau issued a report in response to that mandate in February 2014. In both reports, the Bureau identified concerns about the documents that DTA considered to verify financial and non-financial eligibility, as well as the recordkeeping practices for retaining those documents. The recommendations provided in both reports were extensive, and the Bureau has been monitoring DTA's response to them on a regular basis since 2014.

In 2018, in order to conduct a closer evaluation of DTA's current eligibility processes, the Bureau conducted a follow-up review of a randomly selected sample of recipients' eligibility records. The Bureau found that DTA had significantly improved its eligibility verification processes and that DTA staff generally complied with eligibility procedures. However, the Bureau recommended further improvements, including:

- revisiting certain procedures, particularly the procedures related to scanning and retaining birth certificates;
- pursuing system enhancements to organize scanned documents and make them more accessible to TAFDC case managers; and
- leveraging TAFDC supervisors and other internal resources for more rigorous quality assurance and self-assessment.

DTA assisted the Bureau with this review and responded positively to these recommendations. DTA created a new working group to implement the recommendations and to continue to improve TAFDC eligibility processes, and invited the Bureau to join it.

2. Employment support

Throughout the past two years, the Bureau has been overseeing DTA's implementation of the Work Innovation and Opportunity Act ("WIOA"). WIOA is a federal law that provides funding for workforce development and requires that human services agencies collaborate with one-stop career centers, with the goal of increasing access to employment opportunities for benefit recipients. The Department of Career Services ("DCS"), which falls under the Executive Office of Labor and Workforce Development, oversees one-stop career centers. In June 2017, the Bureau made several recommendations to support collaboration between DTA and DCS. For example, the Bureau recommended that DTA should continuously evaluate its implementation of WIOA – and potential impacts on benefit recipients -- through quantitative and qualitative methods.

From June to August 2018, the Bureau followed up on its recommendations. The Bureau reviewed the steps that DTA had taken to obtain relevant data, evaluate its new client-referral processes and track impacts on clients shared by DTA and DCS. The Bureau found that, while DTA and DCS were sharing data, they had not developed targeted methods for evaluating their joint work. The Bureau made additional recommendations, including that DTA identify staff to develop a more effective approach to data sharing and evaluation. In response to this recommendation, DTA worked with DCS to improve data sharing, and DTA recently hired a program manager to lead its WIOA-related initiatives.

C. Consulting with DTA's Program Integrity Division

In accordance with its statutory mandate, the Bureau continued to consult with DTA's Program Integrity Division on fraud detection and data sharing with other agencies. The Bureau met with DTA's Program Integrity managers on a regular basis as DTA implemented a new approach to utilizing employment and wage data collected by the Department of Unemployment Assistance ("DUA"), consistent with recommendations that the Bureau made in 2017. For example, the Bureau recommended that DTA validate the employment and wage data through a manual process before using it to evaluate any recipient's eligibility. In addition, the Bureau recommended that DTA address a backlog of wage data that had accrued while DTA developed new procedures for validation. Through pilot testing, conducted under the Bureau's oversight, DTA determined that the most efficient and effective method for validating the data was to contact employers directly and verify recipients' income and period of employment. The Bureau urged DTA to continue to take a cautious, incremental approach to implementing new procedures.

To further support DTA's utilization of the DUA's wage data, the Bureau provided DTA with an advisory letter in August 2018 that included the following recommendations.

1. Focus on cases with a high risk of fraud and re-define “high risk” on an ongoing basis

Because the validation of the wage data requires manual work, DTA must prioritize cases with a high risk of fraud. The definition of high risk will change based on a variety of factors, including the amount of potential overpayment and the recipient’s history of compliance with program rules. DTA must also ensure that it has the operational capacity to timely address cases that present a high risk of fraud.

2. Improve the workflow for fraud referrals and investigations

While working with DTA on fraud referrals involving wage data, the Bureau identified opportunities to streamline the operations and systems that support fraud referrals and investigations. The Bureau recommended that the Program Integrity Division should focus on high-priority referrals and ensure that they move expeditiously through the screening and investigation process. In addition, the Bureau recommended that DTA enhance data collection and analysis regarding the risk indicators for its fraud referrals.

3. Utilize the wage data to inform further development of the TAFDC and SNAP programs

The wage data provides valuable information about work opportunities for recipients. The Bureau recommended that DTA develop methods for tracking individual recipients or cohorts of recipients and evaluating the potential impact of DTA’s employment programs and supports.

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DIVISION OF STATE POLICE OVERSIGHT

In July 2018, the Legislature created the Division of State Police Oversight (“Division”) through the passage of M.G.L. c. 22C, § 72.³ The Legislature established the Division to monitor the quality, efficiency and integrity of the Massachusetts State Police (“MSP”). The Division’s scope encompasses, but is not limited to, (1) monitoring the quality, efficiency and integrity of the MSP’s operations, organizational structure and management functions; (2) seeking to prevent, detect and correct 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 a state or national police accrediting agency pursuant to M.G.L. c. 22C, § 73. Its enabling statute requires the DSPO to publish an [annual report](#) each March. Below are highlights from that report.

The Division formally commenced operations in December 2018, after an extensive search for the Director that began in August 2018. During its first weeks of operation, the Division obtained and reviewed MSP’s primary policies, procedures, rules, regulations and collective bargaining agreements and met with the entire MSP command staff.

The Division’s main focus to date has been monitoring the MSP’s efforts to obtain certification or accreditation. To that end, the MSP submitted an application seeking certification to the Massachusetts Police Accreditation Commission (“MPAC”), hired a full-time accreditation manager whose sole job function is to guide the MSP through the accreditation process, and is currently in the self-assessment phase toward achieving certification. During the self-assessment phase, the MSP is engaged in a comprehensive self-review of its operations, policies, procedures, rules and regulations to assure compliance with MPAC’s established standards. This process is time-consuming; its length varies from police organization to police organization depending on its size.

³ M.G.L. c. 22C, § 72, was passed through the enactment of Section 23 of Chapter 154 of the Acts of 2018.

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INTERNAL SPECIAL AUDIT UNIT

The Massachusetts Department of Transportation (“MassDOT”) is responsible for managing the Commonwealth’s roadways, public transit systems, and Registry of Motor Vehicles (“RMV”). The Internal Special Audit Unit (“ISAU”) monitors the quality, efficiency and integrity of MassDOT’s operating and capital programs. As part of 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 unit is also responsible for examining and evaluating MassDOT’s operations, including its governance, risk-management practices and internal processes. This also includes the operations of the Massachusetts Bay Transportation Authority (“MBTA”). The MBTA is a part of MassDOT’s Rail and Transit Division and the ISAU has an additional legislative mandate to review certain MBTA procurements.⁴ The ISAU’s enabling statute requires it to publish an [annual report](#) each March. Below are highlights from that report.

I. Audits, Investigations and Reviews

A. A Review of Design and Construction Costs for MassDOT’s Veterans Memorial Bridge

In 2018, the ISAU reported on its review of change orders and contract overruns for the design and final phase of construction of the Veterans Memorial Bridge, which crosses the Taunton River in Bristol County. The ISAU identified opportunities for MassDOT to strengthen contract administration procedures for large-scale construction projects, with an increased focus on design errors and cost recoveries. The review also highlighted improvements needed for designer oversight and accountability, the importance of conducting public procurements, and the need to secure all appropriate approvals and permits prior to beginning construction.

Overall, the ISAU identified nearly \$20 million in missed opportunities for cost savings. Further, during the review, MassDOT reinstituted its cost-recovery process for bridge designers and, to date, has successfully recovered \$2.28 million from design firms.

As part of its commitment to better contract administration, MassDOT also created a construction management certificate program with Wentworth Institute of Technology. Successful candidates receive the newly-created Construction Management Certificate after completing seven courses over a three-month period. The program’s curriculum is customized for MassDOT and provides in-classroom activities, case studies practices and team exercises to increase or expand employees’ knowledge, skills and abilities in construction management.

⁴ See Section 196 of Chapter 46 of the Acts of 2015.

B. Abuse of Disability Parking Placards: Recent Development

During its 2016 investigation into the abuse of disability parking placards (“placards”)⁵, the ISAU received a hotline tip that a Boston chiropractor had received several placards even though he did not meet the medical qualifications. After an investigation, the Office referred the matter to the Massachusetts Board of Registration of Chiropractors (“Board”). The chiropractor subsequently relinquished his parking placard and, in May 2018, he entered into a consent agreement with the Board in which he admitted wrongdoing and acknowledged that his conduct violated the Board’s statutes and regulations. The agreement also included a two-year term of probation, a \$2,500 civil administrative penalty and mandatory ethics training.

C. Statutory Mandate Concerning MBTA Procurements

Pursuant to legislation passed in 2015, the Office is required to review and analyze contracts for certain services that the MBTA outsources. After a contract for such a service has expired, the Office must evaluate whether the outsourcing resulted from a competitive process, saved the MBTA money and maintained the same level of quality of goods or services that the MBTA provided before the outsourcing. As of the date of this report, the MBTA has executed five contracts that fall within the purview of this statutory mandate. Because all contracts are ongoing, the Office is not yet obligated to complete its statutory review. Nonetheless, the ISAU continues to monitor the MBTA’s outsourcing activities.

II. Legislation

Following its 2016 report on placard abuse, the Office filed legislation to strengthen the Commonwealth’s placard laws. In 2017, the Legislature passed legislation modeled after the Office’s bill and the new placard law went into effect in July 2018. The new law increases fines, penalties and license suspensions for persons who misuse placards, as well as strengthens the RMV’s ability to obtain sufficient medical information from placard applicants.

⁵ The RMV issues disability parking placards to persons with qualifying medical conditions. Placards allow persons with disabilities to park in designated handicapped spaces and at parking meters for free.

III. Disability Placard Abuse Task Force

In 2018, the ISAU also continued to participate in the RMV's Disability Placard Abuse Task Force, which is dedicated to addressing and resolving issues surrounding placard abuse, increasing enforcement of the current laws, and tightening administrative controls to prevent and detect abuse more easily. In 2018, the task force worked to educate cities, towns, police departments and the public about changes to the placard law, including creating and widely distributing an [educational flyer](#) outlining the new law. In October 2018, the Inspector General and members of the task force made a presentation to the Massachusetts Major City Chiefs of Police concerning the new law. The Inspector General and RMV staff discussed local law enforcement's role in identifying the misuse of disability parking placards. Additionally, an officer from the Burlington Police Department detailed how local police departments can establish and fund disability parking enforcement units.



DISABILITY PLACARD

PROVISIONS & PENALTIES

as of July 1, 2018



RMV DISABILITY PLACARD ENFORCEMENT & ADMINISTRATIVE PROVISIONS

Registry of Motor Vehicles Provisions Under M.G.L. c. 90, § 2

- Allows the Registrar to seek information or documentation from an applicant to establish medical necessity. Applications shall not be processed until the documentation or information is provided.
- Allows the Registrar to investigate allegations that an individual has falsely obtained a placard. In addition to other penalties, the Registrar may revoke the placard.
- Permits the Registrar to waive the requirement that a state vehicle transporting persons with disabilities display the name of the agency on the vehicle. The vehicle may only use a parking space for persons with disabilities when persons with disabilities are in the vehicle.

DISABILITY PLACARD ABUSE PENALTIES

Making a false statement on an application or renewal for a disability placard (90/2/G, Civil Motor Vehicle Infraction [CMVI])		M.G.L. c. 90, § 2
1st offense: \$500 fine	2nd offense: \$1,000 fine	
Any application or renewal for a placard is signed under the penalties of perjury.		
Misuse of placard or using a deceased person's placard (90/2/B, CMVI)		M.G.L. c. 90, § 2
1st offense: \$500 fine; 60-day license suspension	Misuse of placards includes drivers using: <ul style="list-style-type: none"> Expired, altered, or counterfeit placards Placards when the placard holder has not immediately been picked up or dropped off Placards that have been reported lost or stolen Multiple placards 	
2nd offense: \$1,000 fine; 120-day license suspension		
Subsequent offenses: \$1,000 fine; 1 year license suspension		
Registrar may revoke a placard if used improperly by another person		
Obstructing a placard number or expiration date (90/2/F, CMVI)		M.G.L. c. 90, § 2
\$50 fine (includes reversing the placard)		
Failure to return a revoked or canceled placard (90/2/H, CMVI)		M.G.L. c. 90, § 2
\$100 fine		
Making, stealing, altering, forging, or counterfeiting a placard or placard application (90/24B/D)		M.G.L. c. 90, § 24B
Up to a \$500 fine or imprisonment in the state prison for up to 5 years or in a jail or a house of correction for up to 2 years (Felony: Criminal or Arrest Citations may be issued)		
Impersonating another to obtain a disability placard		M.G.L. c. 90, § 24B
Up to a \$500 fine or imprisonment in the state prison for up to 5 years or in a jail or a house of correction for up to 2 years (Felony: Criminal or Arrest Citations may be issued)		
Making, stealing, forging, or counterfeiting a placard with intent to distribute		M.G.L. c. 90, § 24B
Penalties for acts involving: <ul style="list-style-type: none"> 5 or fewer placards (90/24B/F): Up to a \$500 fine and/or up to 1 year in a house of correction 6-10 placards (90/24B/G): Up to a \$1,000 fine and/or imprisonment in the state prison for up to 5 years or in a house of correction for up to 2 1/2 years 10+ placards (90/24B/H): \$10,000 fine and/or up to 10 years in the state prison (Felony: Criminal or Arrest Citations may be issued) 		

To report placard abuse, please call (855) 963 - 2580

THE PLACARD ABUSE TASK FORCE

IV. Hotlines

The ISAU maintains a hotline for members of the public to confidentially report suspected fraud, waste or abuse in the expenditure of MassDOT funds; the hotline is available on the Office's, MassDOT's and the MBTA's websites. The ISAU also maintains employee hotline on MassDOT's and the MBTA's intranets. The ISAU evaluates each complaint received to determine whether it falls within its jurisdiction and whether it merits action. Some complaints lead to extensive investigations, some are referred to other agencies and others are closed if a preliminary inquiry fails to substantiate the allegations. During 2018, the ISAU received 226 complaints from private citizens and public employees.

The ISAU also monitors the RMV's disability parking placard abuse hotline and receives reports of suspected placard abuse from the public. The RMV's Medical Affairs Bureau processes this information for further investigation. In 2018, the ISAU received 72 reports of alleged placard abuse.

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POLICY AND GOVERNMENT DIVISION

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

I. Healthcare Reviews

Each fiscal year, the state budget includes language requiring the Office to oversee and examine issues related to healthcare. Specifically, the language tasks the Office with reviewing the Health Safety Net (“HSN”) and Medicaid programs.⁶ This may include reviewing eligibility requirements, utilization, claims administration and compliance with federal mandates. The budget language requires the Office to produce a report each March. Below are highlights from that [report](#).

A. Adult Day Health

Adult day health is a community-based service that provides nursing care, supervision and health-related support services to eligible members in a structured group setting. After reviewing claims for approximately 100 adult day health providers, the Office found that certain providers, (1) billed for multiple days in a single claim without identifying the specific days the member attended the program; (2) billed too many 15-minute units in violation of Medicaid regulations and resulting in payments that exceeded the allowable daily rate; (3) included the same diagnosis for virtually all members attending a program; and (4) submitted claims for complex care for members whose primary diagnoses did not appear to support that level of billing. These issues are all indicators of potential fraud, waste or abuse of the adult day health program.

The Office recommended that MassHealth, the state agency that oversees the HSN and Medicaid programs, consider requiring providers to bill for adult day health services one day at a time. The Office also recommended that MassHealth evaluate how it is processing 15-minute-unit claims to prevent providers from improperly using this procedure code rather than the daily procedure code. Finally, the Office recommended that MassHealth review claims to determine if providers are accurately presenting member diagnoses and the need for complex care.

B. Adult Foster Care

Adult foster care allows eligible members to live with a caregiver who provides assistance with activities of daily living, instrumental activities of daily living, and other personal care. The Office

⁶ The federal government created the national Medicaid program in 1965 to provide medical assistance to low-income Americans, particularly children, through a shared state-federal commitment. The Massachusetts legislature created the Health Safety Net to pay for medically necessary services that acute care hospitals and community health centers provide to eligible low-income uninsured and underinsured patients.

reviewed the claim histories for a large sample of providers from fiscal year 2018. As a result of that review, the Office identified providers that were submitting claims with the same diagnosis for many, if not most, members, as well as providers that were submitting claims for complex care for members whose primary diagnoses did not appear to warrant that level of care. The Office recommended that MassHealth and its new provider oversight vendor improve on the current program integrity efforts. The Office also recommended that MassHealth improve its review of adult foster care claims for fraud, waste and abuse to determine if providers are engaging in questionable diagnosis practices, improper billing for complex care, or other billing activity that raises questions about the provision of adult foster care services. Finally, the Office recommended that MassHealth consider setting guidelines for the rate of compensation for the caregivers.

C. Dental Care

The Medicaid and HSN programs pay for dental care for some MassHealth members and HSN users. The Office reviewed certain aspects of the dental program and determined that MassHealth does not know which claims its vendor audits each quarter and therefore cannot verify the vendor's results. A vendor should not audit itself; MassHealth must actively oversee its vendors. The Office also determined that some paid dental claims in MassHealth's data warehouse did not contain tooth numbers or letters, which hampers MassHealth's ability to properly oversee its vendor's claim adjudication. The Office further identified that dental providers were improperly billing certain evaluations they were conducting on children under the age of three. The Office recommended that MassHealth conduct its own audits of dental claims instead of relying solely on its vendor to self-audit. At a minimum, it must require the vendor to provide a list of the claims that it includes in its self-audit so that MassHealth can verify the results. The Office also recommended that MassHealth work to address the communication issue between its claim adjudication system and its data warehouse so that it can conduct robust analytics on its dental claims. Additionally, the Office recommended that MassHealth seek to recoup from providers who improperly billed a procedure code that paid them more than they should have received for evaluations of children under three. Finally, the Office recommended that MassHealth analyze providers who erroneously billed a particular procedure code and determine if there are any outliers that require further scrutiny.

D. Optometry

MassHealth pays for its members to receive optometry care, including the diagnosis, prevention, correction, management and treatment of optical issues. For members who live in long-term care facilities, MassHealth allows optometrists to bill once per member for their travel to facilities when they provide optometry care to members living there. The Office reviewed all travel claims that optometrists billed for services provided from February 2007 and the end of December 2017. During this time, MassHealth paid 55 providers approximately \$1.5 million for 177,108 travel claims.

The Office identified one servicing provider who billed the travel code substantially more than his peers, received substantially more reimbursement than his peers, and frequently used the same diagnosis for many of his patients. The Office recommended that MassHealth review patterns of servicing providers as a regular part of its program integrity activities. This includes analyzing the number of travel code claims that servicing providers submit as well as examining questionable patterns in the use of diagnosis codes. The Office also recommended that the MassHealth optometry program consult with other MassHealth programs that serve members outside of the office setting to analyze creating a standard payment methodology for travel across programs. Ultimately, if MassHealth decides to maintain a different payment methodology for each program, the Office recommended that MassHealth consider returning the optometry program to the pre-2007 practice of billing one travel code per location per day and adopting a reimbursement rate that would adequately compensate providers for the actual cost of traveling to provide these services.

E. Personal Care Attendants

The purpose of the personal care attendant (“PCA”) program is to help MassHealth members with permanent or chronic disabilities maintain their independence, reside in the community, and manage their own personal care. The Office requested data from MassHealth and the three fiscal intermediaries (“FIs”) that assist in the administration of the program, on three occasions. Each time, the Office identified problems with the accuracy of the data from each fiscal intermediary. Specifically, the Office identified social security numbers and dates of birth that did not belong to the PCAs; missing or placeholder dates of birth; PCAs with the same first name, last name, and social security number, but more than one date of birth; and multiple PCAs with the same last name and date of birth but unique social security numbers. The lack of accurate PCA information creates the risk of inaccurate reporting to state and federal taxation agencies; makes it impossible for MassHealth to conduct meaningful program integrity oversight of the FIs and the PCA program; and inhibits interagency cooperation to identify and reduce fraud, waste and abuse occurring in state- and federally-funded programs. The Office directed the PCA program to conduct a risk assessment to determine the source of these errors and to work with the FIs to ensure that the FIs have adequate systems in place to detect and prevent these errors from recurring.

II. Public Design and Construction

Since its inception, the Office has helped develop policies and procedures related to the Commonwealth’s public design and construction laws. In 2018, the Division worked with the Department of Capital Asset Management and Maintenance (“DCAMM”), the Massachusetts Department of Transportation, the Massachusetts Port Authority, the Massachusetts School Building Authority, the Massachusetts Attorney General’s Office, the Operational Services Division, and other state and local entities to establish best practices in public construction.

A. Alternative Construction

Pursuant to M.G.L. c. 149A, the Office reviews applications to use alternative delivery methods, including the construction management at-risk (“CM at-risk”) and design-build methods.⁷ In addition, before certain state agencies and authorities may use alternative delivery methods on construction projects, the Legislature has charged the Office with reviewing and approving the procedures for utilizing those delivery methods. Consequently, the Division reviews and approves certain procedures for DCAMM, the Massachusetts Port Authority, the Massachusetts Water Resources Authority, the Massachusetts State College Building Authority and the University of Massachusetts Building Authority.

In 2018, the Division received 21 applications to use the CM at-risk delivery method, totaling over \$2.1 billion in estimated project costs. The projects included the Worcester Ballpark, eight public high schools, seven public elementary and middle schools, a parking garage, a pumping station, a city hall, an affordable housing development and a cultural building. Applicants included the cities of Attleboro, Brockton, Cambridge, Fall River, Fitchburg, Framingham, Holyoke, Springfield and Worcester; and the towns of Brookline, Belmont, Danvers, Lincoln and Shrewsbury. Additional applicants included Pentucket Regional School District, Manchester Essex Regional School District, Bristol County Agricultural School District, Central Berkshire Regional School District and the Brookline Housing Authority.

III. Real Estate Transactions

Each year, the Office reviews a variety of public real property transactions, including dispositions, acquisitions and long-term leases, to ensure that the public’s interests are protected. In addition, the Legislature frequently mandates that the Office review and approve independent appraisals of real property that the Commonwealth, counties and municipalities propose to convey or acquire. The Office’s appraisal reviewers evaluate whether the analyses, opinions and conclusions in the appraisal are appropriate and reasonable. The Office provides a report on each appraisal to the Commissioner of DCAMM for submission to the House and Senate Committees on Ways and Means and the Joint Committee on State Administration and Regulatory Oversight. The Office also generally recommends that all real property appraisal reviews conducted at the direction of the Legislature follow the Uniform Standards of Professional Appraisal Practice.⁸

Below are examples of transactions that the Division reviewed in 2018.

⁷ “Alternative delivery method” means a delivery method other than the traditional design-bid-build sequential method of construction required in M.G.L. c. 149 (building construction projects) and M.G.L. c. 30, § 39M (public works construction projects).

⁸ The Uniform Standards of Professional Appraisal Practice, promulgated by The Appraisal Foundation, sets out voluntary industry standards for licensed appraisers of property rights.

A. Sale of the Brudnick Neuropsychiatric Research Institute at the Former Worcester State Hospital

Chapter 367 of the Acts of 2016 authorized DCAMM to convey 44 acres of land at the former Worcester State Hospital campus to the Worcester Business Development Corporation (“WBDC”). WBDC designated New Garden Park, Inc. (“NGP”), a non-profit subsidiary, as the deed recipient. Pursuant to Chapter 367, in 2017, the Office reviewed the land disposition agreement and associated exhibits related to the sale. The land disposition agreement, in accordance with Chapter 367, included provisions related to a potential future disposition of the Brudnick Neuropsychiatric Research Institute (“BNRI”) parcel located adjacent to the 44 acres. Specifically, DCAMM gave NGP the opportunity to purchase the BNRI parcel if the University of Massachusetts Medical School (“UMMS”) did not accept control. In 2018, the UMMS decided not to accept control of the BNRI parcel. DCAMM subsequently submitted the related conveyance documents to the Office for review. The Office found that the terms and conditions of the sale – as reflected in DCAMM’s release deed, the first amendment to the land disposition agreement, and the second amended and restated easement agreement – were consistent with Chapter 367. DCAMM sold the parcel for \$500,000.

B. Waltham Property

Pursuant to Chapter 156 of the Acts of 2017 (“Chapter 156”), DCAMM submitted an appraisal of a 1.426-acre parcel in the city of Waltham to the Office for review. The property contained improvements, such as a parking lot, rectory and garage; however, the improvements were not considered for purposes of valuing the property. Chapter 156 authorized DCAMM to convey the property to the Archdiocese of Boston for religious or conservation purposes. The Archdiocese had been using the property for many years and had previously conveyed it to Middlesex County; at the time of the Office’s review, the property was under the control of DCAMM. The Office reviewed the appraisal and approved the methodology and opinion of value presented in the appraisal.

C. Shrewsbury Property

Chapter 173 of the Acts of 2018 (“Chapter 173”) authorized DCAMM to sell all of the land (four parcels) associated with the Glavin Regional Center to the town of Shrewsbury and the Shrewsbury Youth Soccer Association, Inc. Chapter 173 restricted some of the land to agricultural and recreation purposes and some of the land to general municipal purposes. The Office reviewed the appraisal of the two parcels to be sold for general municipal purposes. The appraiser developed a valuation for the property, both as vacant, unrestricted land ready for development and as restricted to general municipal uses. Using the sales comparison approach, the appraiser found that there was a significant difference in cost-per-acre as restricted. The Office approved the methodology and opinions of value. Shrewsbury has begun constructing a new school on a portion of the site.

D. Boston Property

Pursuant to Chapter 281 of the Acts of 2014, the Office reviewed an appraisal of two state-owned land parcels to be conveyed to the Boston Planning and Development Agency and the city of Boston. Boston plans on disposing of the larger parcel, which is located in the Roxbury section of the city, for mixed-use development, subject to conservation and preservation restrictions. DCAMM will convey the smaller parcel so the city can assemble the property with an abutting parcel for historic preservation purposes. DCAMM will use the proceeds, in consultation with the Department of Conservation and Recreation, for improvements to Roxbury Heritage State Park in another area of the city. The Office approved the methodology and value conclusions in the appraisal.

IV. Legislative Initiatives

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

The Office continued to provide these important services throughout 2018. For instance, the Office reviewed and commented on more than 150 pieces of legislation for the 2017-2018 legislative session. In 2018, the Inspector General and his staff also provided testimony and guidance to legislative committees on issues related to training members of public boards and commissions, film and theater tax credits, real estate transactions, fraud controls, employee leave time policies, post-retirement work policies and the procurement of public supplies and services. In all cases, the Office stressed the importance of transparency in government and the need for safeguards to ensure the appropriate oversight of taxpayer dollars.

V. Proposed Legislation: 2019-2020 Session

Chapter 30 of the Massachusetts General Laws permits the Office to file legislation in the November of even years for the upcoming legislative session. In November 2018, the Office filed the following bills for the 2019-2020 legislative session.

A. [House 8](#), An Act Relative to Higher Education Boards and Trustees

This proposal would require every member of a board of trustees for a public institution of higher education in Massachusetts to participate in training from the Department of Higher Education on such issues as fiduciary responsibilities, the open meeting law, conducting public procurements and state ethics requirements. The proposal also states that membership on a board of trustees would terminate if a member failed to complete the required training. House 8 is an important step towards

ensuring that board members understand the full extent of their roles and have the tools to oversee public institutions of higher education. This will help to protect universities and colleges from fraud, waste and abuse and will also assist in ensuring accountability, transparency and reliability in a system that serves to educate our children. As of the date of this report, House 8 has been referred to the Joint Committee on Higher Education.

B. [House 9](#), An Act Relative to Chapter 12A

House 9 would amend the Office's enabling statute. Modeled after the federal Inspector General Empowerment Act of 2016, Pub. L. No. 114-317, 130 Stat. 1595 (2016), the proposal strengthens the Office's ability to carry out its mandate of preventing and detecting fraud, waste and abuse by clarifying that the Office has access to all records of a public body unless the General Court expressly limits the Inspector General's right of access. The proposal would also allow the Office to refer a potential criminal matter to a district attorney in the same manner as a referral to the United States Attorney or the Attorney General.

Further, the proposal allows a member or designee of the Inspector General Council to attend a private session where testimony is given under oath, at the request of the Inspector General, but removes the attendance requirement. The role of the Inspector General Council otherwise remains the same, including approving summonses to take testimony under oath. Finally, the proposal extends whistleblower protections to non-public employees of state contractors who alert the Office to potential fraud, waste and abuse of public dollars. Any person who violates this section would be subject to a fine and may be liable for damages. House 9 clarifies and strengthens the Office's capacity to conduct its work. The proposal will significantly increase the Office's ability to prevent and detect fraud, waste and abuse. The Inspector General testified in favor of House 9 before the Joint Committee on State Administration and Regulatory Oversight on April 1, 2019.

C. [House 10](#), An Act Relative to Chapter 30B

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

This proposal also would update Chapter 30B to include correct statutory references based on recent amendments to other statutes. The bill would also strike a section of Chapter 30B that is duplicative. House 10 is needed to ensure that Chapter 30B remains properly aligned with other laws. The Inspector General testified in favor of House 10 before the Joint Committee on State Administration and Regulatory Oversight on April 1, 2019.

D. [House 11](#), An Act Revising Chapter 30B

House 11 would augment certain sections of Chapter 30B, the Uniform Procurement Act, to promote best practices, fair competition and transparency. Under the proposed revisions, awarding authorities would be able to use requests for proposals for procurements in the \$10,000 to \$50,000 range. The proposal also clarifies that quotations solicited for goods and services cannot be negotiated. Further, awarding authorities that do not have written procedures for the disposal of surplus supplies would be required to use sound business practices to dispose of surplus supplies valued at less than \$10,000. The proposal also would require contractors to notify the Office of the Inspector General when it has credible evidence of criminal conduct, civil violations or overpayments. Finally, the Office would be permitted to promulgate regulations related to the enforcement and interpretation of Chapter 30B.

House 11 would strengthen Chapter 30B's provisions and provide local jurisdictions greater guidance and flexibility in selecting which procurement method to use without sacrificing the principles of good governance and accountability. The Inspector General testified in favor of House 11 before the Joint Committee on State Administration and Regulatory Oversight on April 1, 2019.

REGULATORY AND COMPLIANCE DIVISION

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

I. Training and Professional Development

The Office established the Massachusetts Certified Public Purchasing Official ("MCPPO") training program 22 years ago. The Office created the training program to promote excellence in public procurement by ensuring that public purchasing officials have the tools necessary to operate effectively and in accordance with procurement laws. Additionally, the program helps private-sector employees understand state and local bidding requirements. Since 1997, more than 24,000 participants have attended MCPPO program classes and presentations.

The Office provides a variety of classes to both public and private employees. These classes can range in time from a few hours to four days. In 2018, the Division held 50 classes, providing training to approximately 2,100 participants across the Commonwealth, including 13 videoconferences. Specifically, the MCPPO program offered three classes required for certification: (1) *Public Contracting Overview*, an introductory class that provides an overview of Massachusetts' procurement laws; (2) *Supplies and Services Contracting*, a more in-depth review of Chapter 30B; and (3) *Design and Construction Contracting*, providing in-depth instruction on the procurement laws governing public design and construction in Massachusetts.

Figure 5. MCPPO Students by Calendar Year

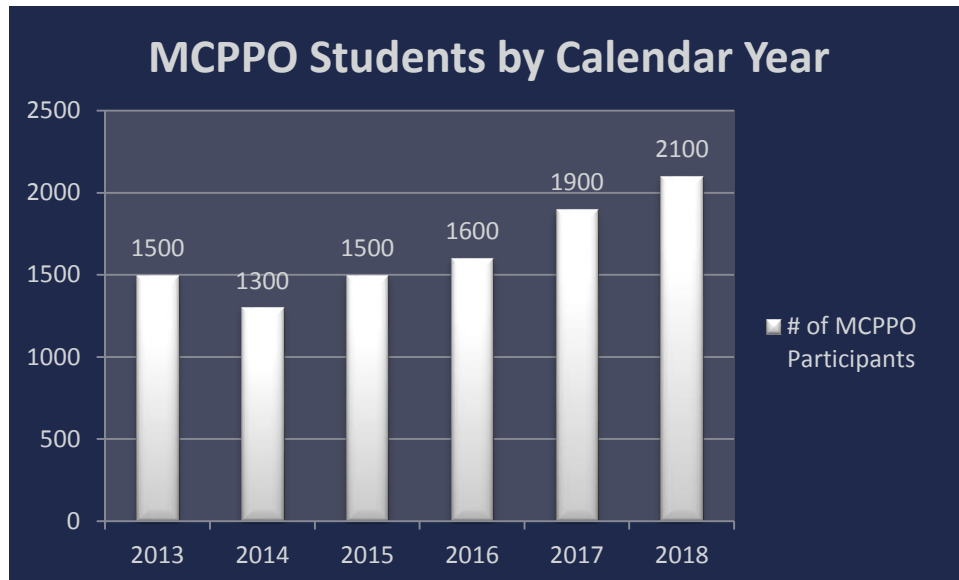
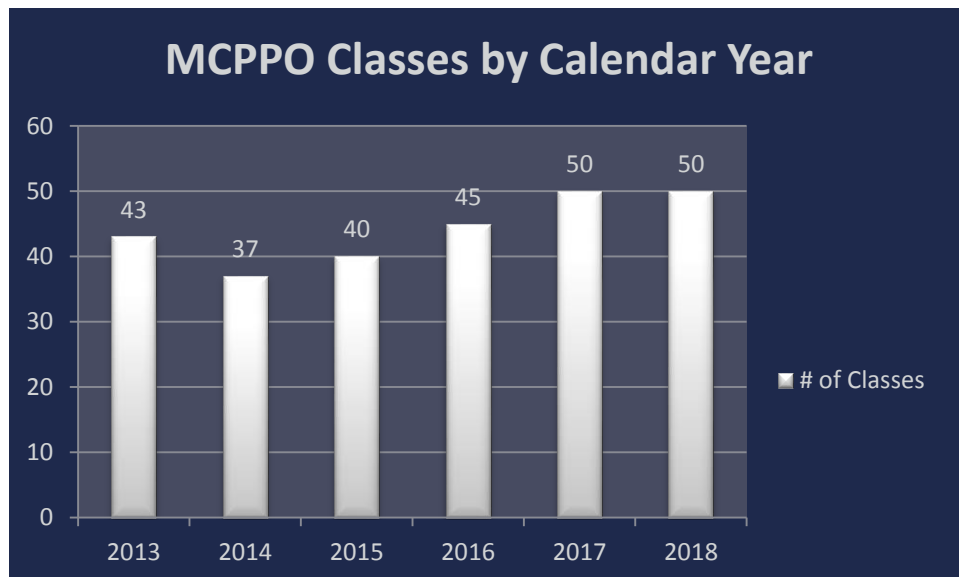


Figure 6. MCPPO Classes by Calendar Year



In addition to the three core classes, the Division also offered classes in several additional topics relevant to public officials, including real property, construction management at-risk under M.G.L. c. 149A, special procurement issues for schools, the fundamentals of running a public procurement office, preventing procurement fraud and effective contract administration. The Division also hosted a hands-on workshop that taught the fundamentals of using invitations for bids and requests for proposals to procure supplies and services.

Additionally, the Division offered two *Story of a Building* classes, in collaboration with the Massachusetts School Building Authority. This one-day class, typically offered at a recently renovated or constructed public school, is essential for all public school officials who are considering undertaking a school building project. In 2018, the Division offered *Story of a Building* at the Norfolk County Agricultural High School in Walpole and the Woodland Elementary School in Milford.

The Division also offered a four-day class, *Certification for School Project Designers and Owner's Project Managers*, in response to the MSBA's regulations requiring public school designers and owner's project managers to receive MCPPO certification. The Division taught this class three times in 2018. The Division also offered a one-day class, *Recertification for School Project Designers & Owner's Project Managers*, for private sector designers and owner's project managers who previously received their MCPPO certification.

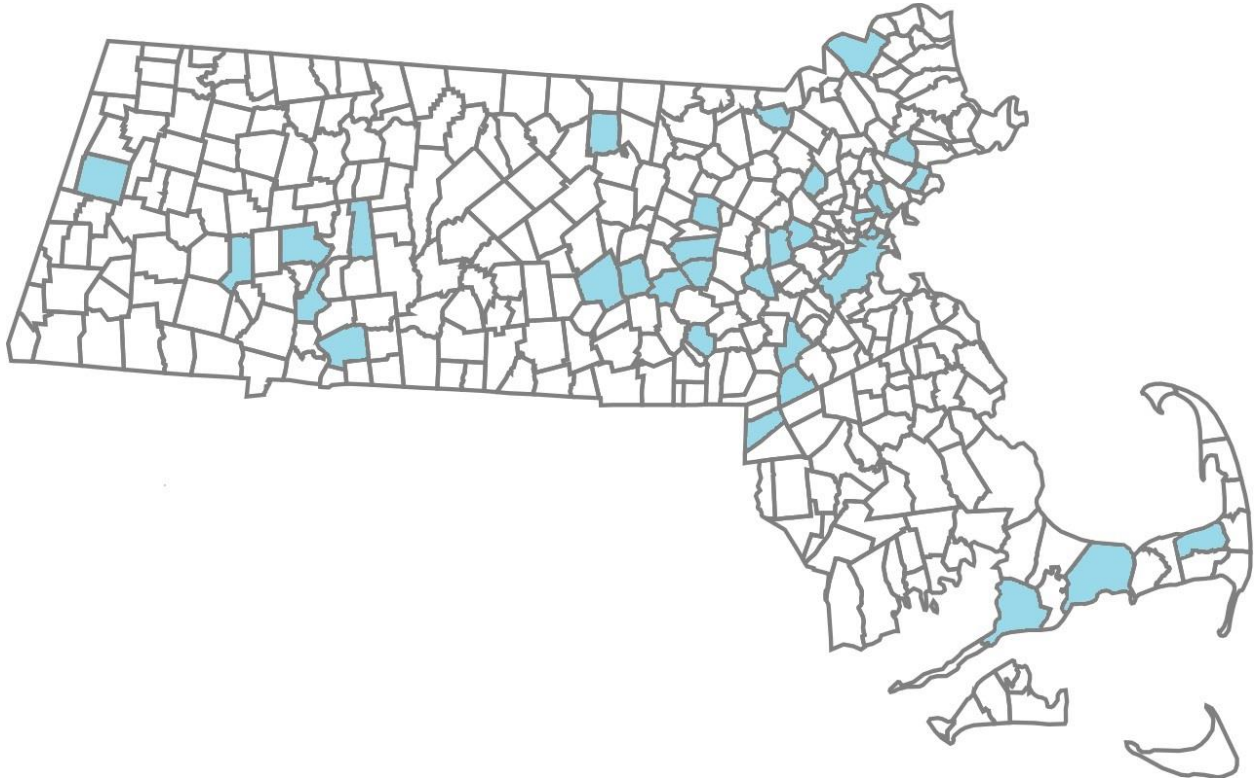
The Division continued to incorporate additional videoconference classes into the MCPPO program, making it possible for those with travel, budget or personnel constraints to attend MCPPO classes. In 2018, the Division held 13 videoconferences at the following locations: Gateway Regional School District in Huntington; the Centerville-Osterville-Marston Mills Fire District in Centerville; and the University of Massachusetts at Lowell. The Division is always looking for additional locations to host both live classes and videoconferences.

For the first time, the Division held a summer session during July and August. All summer classes were held outside of Boston. Participants appreciated the option of taking classes during the summer.

As part of its effort to reach public officials throughout the Commonwealth, the Division held classes or speaking engagements at the following locations in addition to its primary classroom in Boston:

- | | | |
|---------------|----------------------|----------------|
| • Amherst | • Huntington | • Salem |
| • Brewster | • Hyannis | • Saugus |
| • Burlington | • Lowell | • Shrewsbury |
| • Centerville | • Malden | • Southborough |
| • Chelsea | • Marlborough | • Springfield |
| • Danvers | • Milford | • Stow |
| • Falmouth | • Natick | • Walpole |
| • Fitchburg | • North Attleborough | • Waltham |
| • Foxborough | • Northampton | • Westborough |
| • Haverhill | • Pittsfield | • Weston |
| • Holyoke | | • Worcester |

Figure 7. Map of Class and Presentation Locations



II. Online Training Videos

In 2018, the Division produced two online training videos, which are available for free on the Office's website. *Contract Administration for Public Employees* provides municipalities with the fundamentals of awarding a contract and ensuring that the awarded contract is successfully completed. *How to be an Effective Public Board and Commission Member* familiarizes viewers with practices that help public board and commission members to effectively perform their roles and to protect their organizations. Providing these videos and other web-based informational materials is part of the Office's commitment to proactive outreach to public officials and their constituents. The Division is developing additional training videos for the upcoming year.

III. Speaking Engagements

Education is essential to preventing the misuse of public money and property. Throughout 2018, therefore, the Office provided speakers on various topics, including public procurement; fraud prevention; board governance; public administration; and the Office's mission, accomplishments and investigations. Staff made presentations for numerous organizations, including:

- Assumption College

- Bentley University
- Department of Housing and Community Development
- Eastern Massachusetts Municipal Auditors and Accountants Association
- Eastern Massachusetts Treasurer and Collectors Association
- Group Insurance Commission
- Massachusetts Association of Public Purchasing Officials
- Massachusetts Association of School Business Officials
- Massachusetts Continuing Legal Education, Inc.
- Massachusetts Department of Higher Education
- Massachusetts Facilities Administrators Association
- Massachusetts Higher Education Consortium
- Massachusetts Library System
- Massachusetts School Building Authority
- Merrimack Valley Planning Commission
- National Association of Educational Procurement New England Chapter
- National Association of Housing and Redevelopment Officials Massachusetts Chapter
- Operational Services Division MassBuys Conference
- Salem
- Southeast Regional Services Group
- University of New Hampshire

IV. Inquiries and Complaints

The Division regularly advises local purchasing officials on how to comply with the procurement laws, obtain the best value for their jurisdiction and increase competition for public contracts. As discussed earlier (See Hotlines section, page 10), the Division offers an assistance hotline to respond to questions and complaints concerning public procurements. In 2018, the Office responded to approximately 1,350 inquiries and questions about Chapter 30B and other public procurement laws. The hotline operates every workday and officials can leave voice messages or email the hotline 24 hours a day.

V. Technical Assistance

In 2018, the Division continued its compliance review program, which is designed to help cities and towns improve their procurement practices. As part of the program, the Division evaluates a jurisdiction's procedures for complying with Chapter 30B, identifies internal control weaknesses, assesses vulnerabilities to fraud, and identifies best practices for conducting procurements.

VI. Publications

The Division publishes a wide range of materials to educate and inform public procurement officials, private vendors and the public. Since 1994, the Office has published the *Procurement Bulletin*, a quarterly newsletter containing information about public procurement, contract administration, fraud prevention, the Office's investigations and other topics of importance to helping government operate effectively, transparently and with accountability. During 2018, nearly 5,200 individuals subscribed to the *Procurement Bulletin*. These *Procurement Bulletins*, as well as a topical index, are located on the Office's website. The Division published the following documents in 2018:

- *Procurement Bulletin*, Vol. 24, Issue #1
- *Procurement Bulletin*, Vol. 24, Issue #2
- *Procurement Bulletin*, Vol. 24, Issue #3
- *Procurement Bulletin*, Vol. 24, Issue #4
- Advisory: Conducting Snow-Related Procurements
- Code of Conduct for Consultants on Public Building Projects
- Charts on Procurement Procedures – Revised

VII. Owner's Project Manager Review Panel

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

As a member of the Review Panel, Division staff reviews each district's process and evaluation of its OPM-applicants. This review entails examining both the school district's needs and the OPM's qualifications, including the OPM's project experience, managerial experience, backlog of other ongoing work and financial viability. Staff then participates in the Review Panel's meeting, listening to school district presentations. After considering the presentations and reviewing the materials, the Review Panel

may either agree with the school district's selection of an OPM or recommend further review and consideration.

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REPORTS, LETTERS AND PUBLICATIONS

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 *Procurement Bulletin*. The following documents related to the Office's 2018 activities are available on the Office's website, www.mass.gov/ig.

I. Reports, Letters and Case Updates

- [Letter](#) to Commissioner Riley and Chair Tarpley on Sick Leave Payout and Compensation Package for the Former Executive Director of the Helen Y. Davis Leadership Academy
- [Report](#): A Review of Design and Construction Costs for MassDOT's Veterans Memorial Bridge
- [Case Update](#): Fall River Mayor Indicted on Tax and Wire Fraud Charges
- [Case Update](#): Quincy-Based Electrical Product Supplier to Pay More Than \$2.3 Million for Overcharging on Statewide Contract
- [Case Update](#): Town of Newbury Pays OIG Whistleblower Over \$523,000, Including Attorney Fees, For Violating the Massachusetts Whistleblower Act
- [Case Update](#): Former Lobbyist Pleads Guilty in Pension Fraud Case
- [Letter](#) to Chairman Campbell on Renaming the Library on Middlesex Community College's Lowell Campus
- [Report](#): Internal Special Audit Unit 2017 Annual Report
- [Case Update](#): Former Blandford Tax Collector Found Guilty of Stealing Taxpayers' Money
- [Report](#): MassHealth's Administration of the Hospice Benefit: Report
- [Case Update](#): Third Set of Indictments Brought Against Former MBTA Procurement Official
- [Case Update](#): Former Ashburnham Library Director Pleads Guilty to Embezzlement

II. Legislative Testimony

- Inspector General [Testimony](#) on the Theater Tax Credit Section of the Economic Development Bill
- Inspector General [Testimony](#) on Payment of Pensioners for Services After Retirement

III. Publications

- [*Procurement Bulletin*](#), Vol. 24, Issue #4 (October 2018)
- [*Procurement Bulletin*](#), Vol. 24, Issue #3 (July 2018)
- [*Procurement Bulletin*](#), Vol. 24, Issue #2 (April 2018)
- [*Procurement Bulletin*](#), Vol. 24, Issue #1 (January 2018)