

Nassau County Office of the Inspector General



2021 ANNUAL REPORT

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Welcome to the third Annual Report of the Nassau County Office of the Inspector General

Introduction – The Inspector General Concept

“... IGs have a simple charge: they need to make sure government is working well and in the way it is intended.”¹

The basic concept underlying an Inspector General (IG) office is that government, a large institution dedicated to serving the public, should build into itself an independent oversight mechanism for ongoing monitoring, evaluation and, when needed, correction. IG offices are designed to be objective and impartial entities, free of partisan loyalties and influence, to fulfill that function.

This is not a novel or untested concept; rather, it is well established and as old as our nation, beginning with the appointment in 1777 of an Inspector General for the Continental Army during the Revolutionary War. While the Inspector General concept arose in the military, where the IG typically focuses on such things as discipline, efficiency, combat readiness, and accountability for property, civilian IGs are typically focused on preventing and detecting fraud, waste of funds, abuse of office and corruption, as well as promoting effectiveness, economy and transparency in governmental organizations.

Today’s IGs are a proven success in fostering good governance, preventing and detecting wrongdoing and waste, and promoting accountability and integrity. Since the establishment of the first federal civilian IGs in the 1970s,² many states, counties and cities across the nation have instituted their own office of Inspector General (OIG) in recognition of the important and unique value they bring. While many OIGs have now been in existence for decades, it is also common for new ones to be created, as occurred not long ago here in Nassau County. Even in the relatively brief time since the formation of Nassau County’s OIG, new OIGs have been established in places such as Atlanta, Georgia and Baltimore County, Maryland. There are now over 165 state and local OIGs in the United States, in addition to over 70 OIGs covering virtually all federal agencies.³ These offices collectively form a community of practice that

¹ Quoted from a Brookings Institution federal governance study entitled *Political appointees as barriers to government efficiency and effectiveness: A case study of inspectors general*; Center for Effective Public Management at Brookings, April 2016.

² The Federal government created its first civilian IG offices in the 1970s (excepting the Central Intelligence Agency IG created in 1952). At about the same time, in 1978, the City of New York established its own IG program, having an Inspector General’s office for each municipal department, significantly amplifying a municipal oversight structure tracing back to 1873.

³ In a 2015 letter, former United States Senator John Glenn (R-OH) said this about the passage of the law creating

has developed professional principles and standards, promulgated by the Association of Inspectors General (AIG), and, at the federal level, the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

OIGs provide independent, objective oversight of government operations, by conducting investigations, audits and reviews, and providing recommendations where warranted. OIGs foster good government in many ways, e.g.:

- **Restoration of Public Trust.** It is well known that a corruption or ethics scandal erodes public faith in its government officials. The establishment of a credible and robust OIG as a permanent part of the government is a concrete statement of values and acts as a pillar of reform. Indeed, when an OIG maintains ongoing independent oversight of vulnerable governmental operations it can both help shift the culture of the municipality and restore public trust.
- **Promoting Public Accountability.** Accountability is essential to maintaining public trust. While the vast majority of government officials and employees are honest and honorable persons, an OIG serves as a necessary safeguard to ensure that all public servants are indeed working in the public interest. The presence of an OIG serves to encourage government to work effectively and with integrity. Conversely, it discourages those who might engage in corruption, nepotism, conflicts of interest or otherwise abuse their positions or violate public trust.
- **Deterring Fraud.** A key OIG role is fraud prevention. Fraud is often committed as a “crime of opportunity;” i.e., when there are perceived weaknesses in internal controls, a person might seize the opportunity to engage in fraudulent conduct without fear of detection. An active, committed OIG increases the likelihood that fraud will be discovered, and thus fewer people will risk detection.⁴
- **Providing Economic and Operational Benefits.** The existence of an OIG can provide many positive benefits, such as contributing to cost savings and increased effectiveness. For example, the deterrent effect of a robust IG office can result in significant (albeit sometimes difficult to quantify)

Federal OIGs some three dozen years earlier: “The Inspector General Act has stood the test of time. The billions of dollars recovered for the government and the increased efficiency and effectiveness of government programs and operations are a testament to the Act’s continued success.”

⁴ A person’s willingness to engage in fraud or corrupt behavior may also be associated with their ability to rationalize their conduct; therefore, a strong and unambiguous code of ethics, for employees and for vendors, is a companion cornerstone of deterrence.

savings,⁵ such as preventing attempts at fraudulent billing or the delivery of substandard goods or services. An OIG's sustained focus on business integrity and transparent contracting processes can help "level the playing field" for law-abiding vendors, providing incentive for increased competition and better pricing for the government. Additionally, the economy of government operations can be enhanced by implementing OIG recommendations for reducing waste or improving efficiency or effectiveness. Moreover, some OIG activities may result in cost avoidance, e.g., detecting and thus ending, fraud schemes; stopping financial losses ("stopping the bleeding"), and may in some instances even lead to monetary recoveries.⁶

- Providing a Trusted Resource and Objective Resolutions. People need an independent, trusted entity to whom they can bring sensitive concerns. Government organizations also need a trusted process, free of political or partisan considerations, for reviewing allegations of wrongdoing. An OIG provides a credible mechanism for receiving, reviewing, and resolving allegations. Not only can the OIG objectively vet allegations and determine the facts, but having an impartial, non-partisan, professional office conduct the inquiry lessens claims of a biased outcome or inadequate investigation.

Inspector General offices bring to their work a combination of disciplines, tools, and focus that is unique in the area of governmental oversight. An OIG utilizes approaches – both reactive and preventative – from the realms of auditing, investigations, compliance reviews, program evaluations, and management analyses. No other oversight structure so comprehensively blends these fields together.

Strictly-audit organizations typically conduct audits applying generally accepted auditing standards to assure that auditee organizations operate in compliance with established criteria; e.g., ascertain whether financial statements contain significant misstatements, verify that funds are being spent and accounted for properly, assess strength of internal controls, or determine whether programs are operating correctly and effectively. In contrast, investigative organizations typically have a targeted, forensic focus on detecting and exposing dishonesty and/or misconduct, with investigations sometimes based on specific allegations or particular

⁵ The Brookings Institution has noted with respect to federal OIGs' return-on-investment (ROI) "that ROI does not encapsulate all of the non-monetary benefits IG's bring to government in the form of deterrence, efficiency, improved practice or legislative oversight . . . but are ultimately too difficult to measure accurately . . ." *Political appointees as barriers to government efficiency and effectiveness: A case study of inspectors general*. Center for Effective Public Management at Brookings, April 2016.

⁶ A Brookings Institution study of federal OIGs commented that, "The reality, when it comes to OIGs, is that many are a great investment for government." *Sometimes cutting budgets raise deficits; The curious case of inspectors' general return on investment*. Center for Effective Public Management at Brookings, April 2015.

suspicions of wrongdoing.

Often, OIG audit work pertains less to accounting matters than to performance assessment and management analysis. The common audit role of an OIG, in the context of the contracting/procurement process, differs from entities whose role is to approve claims for payment or review as to form. Rather, the OIG may be focused on such things as the prevention and detection of fraud, assessing compliance with controls, verifying that records match reality, confirming receipt of deliverables, and gauging effectiveness and transparency of procedures. The OIG's evaluative function positions it to suggest systemic improvements and advocate for the use of best practices.

With respect to investigations, the OIG's multifaceted function goes beyond the traditional role of law enforcement investigators. OIGs are distinguishable from purely law enforcement agencies as the latter cannot serve as ongoing monitors or evaluators of the municipality's daily operations. They are not able to continuously explore, identify, and address systemic issues within government agencies. The City of Chicago's Inspector General, former prosecutor Joseph Ferguson, has noted:

“. . . the prosecutor is seldom positioned or equipped to drive the structural or programmatic changes that I saw were necessary to prevent future wrongdoing. What drew me to the Inspector General function was the pairing of investigative enforcement tools that address individual misconduct with audit and compliance tools that can address the systemic issues that permit wrongdoing to occur.”⁷

In the course of their investigative work, OIGs are routinely alert to, and examine, structural or systemic matters that go beyond the individual events at issue. They look at, for example, the adequacy of management controls, adherence to policy, and the effectiveness and transparency of programs and procedures. In short, OIGs endeavor to identify the vulnerabilities in the system that allowed the issue to occur in the first place.

Moreover, law enforcement agencies investigate specific events or situations, where their role is largely limited to pursuing criminal conduct, typically reactively (i.e., after-the-fact). OIGs however, typically conduct both criminal *and* noncriminal investigations. Impartial, objective investigations of non-criminal misconduct or irregularities are important to the proper functioning of, and public confidence in, government. In addition to their inherent significance, non-criminal inquiries may also lead to the discovery of larger issues that might otherwise not be detected and addressed. Further, OIGs conduct both reactive and proactive inquiries, and the latter can uncover unreported or unknown issues.

Finally, external law enforcement agencies often lack the body of institutional knowledge that

⁷ Quoted in Profiles in Public Integrity, Center for the Advancement of Public Integrity, Columbia Law School.

a dedicated oversight office, an OIG, builds over time. A mature OIG can bring to bear detailed understanding of organizational structures and history, roles, processes, and records systems. And the combined mission of an independent, non-partisan investigative and general oversight agency enables an OIG to serve the government in a much more effective way than if either part of this mission stood alone.

About the Nassau County OIG

Mandate and Mission

Nassau's OIG has a broad mandate under the County Charter to prevent and detect fraud, waste, abuse and illegality impacting the County government or its funds. The mission of the OIG is to foster and promote integrity, accountability, effectiveness, and efficiency in the administration of programs and operations of Nassau County government, with special emphasis on the County's contracting and procurement processes.

Nassau County's OIG accomplishes its mission through investigations, audits, reviews, and other activities designed to detect and prevent fraud, waste, abuse and illegal acts, and enhance County government operations.

Some examples of the matters that the OIG may look at are:

- Purchasing, bidding, or contracting irregularities.
- Fraud by contractors/vendors or others receiving County funds.
- False filings by entities seeking to do business with the County.
- Conflicts-of-interest or other ethics violations.
- Bribes, gratuities, or kickbacks involving County employees or officials.
- Theft of Nassau County funds or resources.
- Significant waste of County money or inefficiency.
- Adequacy of, and compliance with, controls and policies.
- Effectiveness and transparency of governmental processes.
- Serious employee misconduct.
- Whistleblower reprisal.

The OIG is committed to fulfilling its mandate and accomplishing its mission by cultivating and safeguarding a transparent, honest, and accountable County government, and an

environment in which the County’s goods and services are acquired without fraud and in the public interest.

Founding Statute

The statutory purpose of the OIG is set out in Section 185 of the Nassau County Charter, entitled “Office Created and Established and Purpose of the Office.” It provides:

There is hereby established an independent office of the Inspector General which is created in order to provide increased accountability and oversight of County operations, to detect and prevent waste, fraud, abuse and illegal acts in programs administered or financed by the County, particularly the County’s contracting and procurement processes, to promote transparency, efficiency and integrity in the County contracting and procurement process, and to assist in increasing economy, efficiency, and effectiveness in the administration of the County government. The Inspector General shall initiate, conduct, supervise, and coordinate investigations, audits, reviews and examinations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct and other abuses by elected and appointed County officials, officers, employees, agencies, departments, commissions, boards, offices and all other instrumentalities of the County as well as County vendors, contractors, and lower tier subcontractors, and other parties doing business with the County and/or receiving County funds. The aforementioned shall not be applicable to the County Legislature and the Office of Legislative Budget Review. The Inspector General shall head the Office of the Inspector General. The organization and administration of the Office of the Inspector General shall operate independently in such manner so as to assure that no interference or influence external to the Office of the Inspector General compromises or undermines the integrity, independence, fairness and objectivity of the Inspector General in fulfilling the statutory duties of the office or deters the Inspector General from zealously performing such duties.

Additionally, the Charter reflects the non-partisan nature of the OIG. The Inspector General, who is neither an elected nor political official, is required by Charter provision to comply with the restrictions on prohibited political activity applicable to judges as contained in the Rules of the Chief Administrative Judge of New York State.⁸

⁸ Nassau County Charter § 187 (19).

Authority, Powers and Functions

To accomplish its mission the County Charter⁹ provides the OIG a set of authorities and powers, including in part:

- Authority to investigate, review, examine and audit past, present and proposed programs, activities, contracts, expenditures, transactions, and projects that are administered, overseen and/or funded in whole or in part by the County, including all aspects of the procurement process, including reviewing proposed contracts to be presented to the County Legislature for approval.
- Authority to recommend remedial actions.
- Authority to receive and investigate complaints.
- Authority to review vendor/contractor databases, filings, and financial disclosure forms.
- Authority to obtain full and immediate access to all County documents and records, and to issue directives requiring their production.
- Authority to receive the full cooperation of the County Executive, all appointed County officials, officers and employees, vendors, contractors, subcontractors, and other parties doing business with the County or receiving County funds, including submitting to interviews, providing sworn statements, and providing documents and records. The Charter also provides a criminal penalty for any person who knowingly interferes in, obstructs, or impedes an Inspector General investigation, audit, review or examination.
- Authority to subpoena witnesses and to issue subpoenas compelling the production of documents and other information.
- Requirement that the Inspector General be notified as part of the “approval path” for proposed contracts presented to the County Legislature for approval.
- Requirement for OIG to be notified in writing prior to meetings of procurement selection committees, and authority to attend such meetings.

⁹ See especially Nassau County Charter § 187.

- Requirement that the County Executive promptly notify the Inspector General of possible mismanagement of a contract constituting misuse or loss exceeding \$5,000 in public funds, as well as fraud, theft, bribery or other violations of law which may fall within the Inspector General’s jurisdiction.
- Authority to hire its own staff.

The Charter also imposes various operational requirements on the OIG. These include:

- Establish a hotline to receive complaints from anonymous and identified persons.
- Develop outreach strategies to inform government officials and employees and the public of the authority and responsibilities of the OIG. These include developing an OIG webpage linked to the County’s website and posting information in common areas of County facilities.
- Establish internal policies and conduct its work in accordance with generally accepted government standards and, where applicable, the Principles and Standards for Offices of the Inspector General (also known as the Green Book), published by the Association of Inspectors General.
- Notifying appropriate law enforcement agencies of suspected possible criminal violations of state, federal, or local law.
- Following prescribed procedures for the issuance of certain finalized reports.
- Issuing an annual report (this document).

IG Independence

The Inspector General, who is appointed by super-majority vote of the County Legislature to a four-year term, and removable only for cause by super-majority vote, is not subject to control or supervision by the County Executive. The Inspector General is authorized to exercise any of the powers granted on his or her own initiative.¹⁰

Section 189 of the County Charter requires the County Legislature to have a committee¹¹ for

¹⁰ Nassau County Charter § 187 (8).

¹¹ By law, the membership of the committee consists of the Presiding Officer, the Minority Leader, the chairman of the Finance Committee, and one member each appointed by the Presiding Officer and Minority Leader, respectively.

the purpose of maintaining general supervision of and liaison with the OIG. Section 189 also provides that the Inspector General shall meet periodically with representatives of the Legislature to review prior activities and discuss plans and objectives. The Inspector General's authority to conduct investigations, audits, reviews, and examinations does not apply to the Legislature. While the OIG is subject to general supervision by the Legislature, section 185 of the Charter provides that the OIG shall operate independently such that no interference or influence compromises or undermines the integrity, independence, fairness and objectivity of the Inspector General or deters the Inspector General from zealously performing his or her duties.

The OIG may at times receive requests from members of the Legislature, or other officials, to explore particular concerns. In all instances, the OIG independently assesses the request in light of its mission and mandate, to determine whether it is appropriate for the office to undertake such inquiry. The OIG independently decides the manner, scope and extent of the activities it elects to pursue. And, in all instances, the OIG conducts its work objectively and impartially, without regard to partisan political considerations.

The Charter requires that investigations conducted by Nassau's OIG comply with the Principles and Standards published by the Association of Inspectors General (AIG) (Green Book). AIG's Principles and Standards also provides that, to establish and maintain the independence of Inspectors General, they should be appointed to a fixed term of office. While Section 189 of the Charter does accordingly provide a fixed term of office, the four-year term it presently provides is less than the minimum AIG recommends: "... *AIG believes that the minimum term should be five years and recommends a longer period of seven years to provide stability in the function.*"¹² As an adherent of AIG's guidance, OIG believes it fitting to point out the present difference between AIG's recommended term length and Nassau's. OIG also believes that AIG's recommendation is logical, would be beneficial to OIG's mission, and merits serious consideration for adoption in Nassau County. The concept is not novel; many other Inspectors General have terms of at least five years, with examples ranging from the recently created City of Atlanta Inspector General to New York's Metropolitan Transportation Authority OIG created nearly 40 years ago.

¹² Commentary in Model Legislation, Association of Inspectors General website. Also, the model legislation language preceding the commentary provides that: "*The Inspector General is appointed for a term of five years, which may be renewed at the discretion of the appointing authority.*"

Our History

The Nassau County Office of the Inspector General (OIG) came into operation three years ago, in January 2019, becoming the first county-wide OIG in New York State.¹³ The Office was established by County legislation enacted on a bi-partisan basis in December 2017.¹⁴ The legislation provided, in part, a fixed term, minimum qualification standards, and enumerated powers and responsibilities, for the Inspector General.

Following a nationwide search in 2018 for Inspector General candidates, Jodi Franzese, then a Senior Inspector General in New York City and former prosecutor in Suffolk County, was selected by a bi-partisan committee. Her appointment was confirmed by unanimous vote of the County Legislature in December 2018, and she took office as the County's first Inspector General on January 3, 2019. The Inspector General thereafter hired OIG's staff members, making the office a fully operational reality.

Impetus for the creation of Nassau's OIG might be traced to July 2015, when the Nassau County District Attorney's Office (DAO) produced its *Special Report on the Nassau County Contracting Process*, documenting significant fraud and corruption vulnerabilities, as well as inefficiencies, in the County's procurement process. The report also detailed several recommendations for reform. One of the key recommendations in the DAO report was the creation of an independent Office of the Inspector General for Nassau County, envisioned as follows:

The Legislature should modify the County Charter to eliminate the position of Commissioner of Investigations due to its history of ineffectiveness,¹⁵ and replace it with an independent and adequately-staffed County Inspector General . . . The Inspector General should be afforded broad investigative authority over executive departments and the procurement process, tasked with the comprehensive vetting of county contractors, and directed to refer

¹³ Monroe County has had an Office of Public Integrity since 2016 and Erie County has had a Medicaid Inspector General since 2012.

¹⁴ Nassau County Charter, Article I-C (Sections 185 – 196).

¹⁵ The Commissioner of Investigations was an at-will appointee of the County Executive, having no fixed term or minimum qualifications under the Charter, and not requiring confirmation by the County Legislature. Unlike the IG, the Commissioner's objectives were not well-defined in the Charter (to make examinations "as he or she may deem to be for the best interest of the county") and the Commissioner was not mandated to follow professional standards. As noted above, in 2017 the County Charter was amended to create an Inspector General who was independent of the County Executive. However, notwithstanding the District Attorney's recommendation to abolish the Commissioner of Investigations, that position was not eliminated from the Charter. While the post of Commissioner has remained vacant since the Inspector General's appointment, at this writing the law authorizing a Commissioner remains in the Charter.

possible criminal conduct to the appropriate agency for prosecution.

.....
Apart from the duties currently assigned to the Commissioner of Investigations, a new County Inspector General should periodically evaluate each department's recordkeeping and procedure; respond to in-house tips of fraud, waste, and abuse; receive regularized reports of activity from the decentralized selection committees in the various County departments; provide secondary review of vendor performance[,] warehouse screening documentation, and evaluate personal and financial relationships.

As noted earlier, the lineage of the Inspector General concept goes back well before 2015. At its inception, the Nassau County OIG thus became part of an established, robust nationwide OIG community, with delineated professional standards, including those developed under the auspices of the AIG and, at the federal level, the CIGIE.

A major and necessary theme of OIG's first year in 2019 was development and growth from concept to full operation, undertaking an extensive range of start-up activities to ensure that OIG would be properly equipped to fulfill its mission and comply with professional standards.¹⁶ Early into 2020, OIG's second year, OIG faced major challenges, having to adapt its operating model in response to the COVID-19 health emergency. Despite these challenges, OIG continued working for the people of Nassau County, while ensuring the safety of its staff and other County employees, by using remote and reduced density operating models.

During 2021, OIG, following a hybrid in-office/remote approach to operations, continued its work, including screening proposed contracts, responding to Hotline calls and online complaints, monitoring procurement evaluation committees, and conducting reviews and investigations. During 2021, OIG in part initiated 35 preliminary inquiries, investigations, or reviews, in addition to other activities including conducting over 200 contract reviews and monitoring over 100 evaluation committee meetings.

¹⁶ E.g., Principles and Standards for Offices of Inspector General ("Green Book"), promulgated by the Association of Inspectors General.

Staffing

The most crucial resource of an OIG is its staff. OIG is comprised of persons in the following positions:

- Inspector General
- Deputy Inspector General / General Counsel
- Assistant Inspectors General
- Investigative Counsel
- Oversight Specialists

In an independent, stand-alone oversight organization of relatively modest size it is essential that it be comprised of persons collectively equipped with the variety of knowledge, skills and expertise that its multifaceted function requires. OIG staff members were carefully selected and are well qualified and credentialed to fulfill the many aspects of the OIG's mission. The OIG team consists of professionals whose prior positions and experience reflect a range of pertinent disciplines and relevant skills: investigators, auditors, attorneys/prosecutors, federal agents, deputy inspector general and senior inspector general.

OIG's staff previously worked for a variety of respected governmental institutions including:

- Federal Bureau of Investigation
- Internal Revenue Service, Criminal Investigation Division
- U.S. Department of Transportation, Office of Inspector General
- Metropolitan Transportation Authority, Office of the Inspector General
- New York City Department of Investigation
- New York State Attorney General's Office
- New York County District Attorney's Office
- Suffolk County District Attorney's Office
- New York State Comptroller's Office
- Nassau County Comptroller's Office

Additionally, several persons are members of the Association of Inspectors General and/or the Association of Certified Fraud Examiners. OIG's team has completed a wide variety of specialized training, and attained advanced degrees and professional certifications, including:

- Certified Inspector General (CIG)
- Certified Inspector General Auditor (CIGA)
- Certified Inspector General Investigator (CIGI)
- Certified Public Accountant (CPA)
- Certified Fraud Examiner (CFE)
- Certified [Asset] Protection Professional (CPP)
- Admission to New York Bar
- Master's Degree

Complaints

Good government is everyone's business. The OIG relies in part on concerned County employees, officials, vendors, and members of the public – including the readers of this report – to provide us with information regarding possible fraud, waste, abuse, corruption, and misconduct related to County agencies, projects, programs, contracts, operations, or vendors. The OIG is responsible for receiving – and investigating as warranted – complaints, and may also proactively conduct audits, investigations and other reviews, as it deems appropriate. In our first year, 2019, the newly created OIG received in excess of 55 complaints, tips and other contacts, including allegations of misconduct, fraud and other improprieties. During 2020, as public awareness of the OIG grew, the number of contacts more than doubled, to over 130. In 2021, our third year, OIG received in excess of 200 contacts.

The OIG receives complaints and tips from members of the public, County employees, officials, and vendors via a variety of means including OIG's website, email, letter, telephone Hotline, and walk-in. OIG established these varied means of contact in recognition of the potentially sensitive nature of some of these communications and that the most convenient way of contacting the office may differ by individual need.

Complaints may allege fraud, corruption, waste of funds, abuse of position, or raise other concerns. All complaints and tips received by the OIG are reviewed to determine the appropriate disposition of each. Among other considerations, OIG evaluates each complaint or tip to determine whether it falls within OIG's jurisdiction and gauges its investigative viability. For example, a very vague anonymous complaint might not provide an adequate basis for further inquiry. Given the OIG's need to manage its resources effectively, each complaint is also assessed in terms of its potential magnitude or significance, from individual and/or programmatic standpoints.

Some complaints may result in the initiation of a preliminary inquiry or a full investigation, audit, or other review by OIG. The Inspector General may close some complaints based on initial assessment or after a preliminary inquiry fails to substantiate the allegations or finds no viable issues to pursue. In some instances, the Inspector General may refer the matter to the appropriate County department or other public agency for its appropriate action.

The OIG forwards complaints to other organizations if its evaluation or preliminary inquiry reveals that the issues raised fall outside the OIG's jurisdiction or would be more appropriately handled by another entity. During 2021, OIG referred 58 complaints to other entities. Not surprisingly, some of these involved COVID-19-related matters.

When OIG receives a complaint about a matter for which OIG does not provide oversight (e.g., state, town or village-level issues), it often provides assistance by trying to help the complainant find a more appropriate entity to contact about their concern. OIG staff did so 60 times during 2021.



Examples of issues that should be reported to the OIG are:

- Contractor and vendor fraud (including the submission of inflated or false claims for payment, incomplete or substandard work, or failure to provide deliverables specified by the County).
- Purchasing or bidding irregularities.
- Construction-related fraud on public works.
- Employee misconduct, conflicts-of-interest, or corruption.
- Offer, payment, or acceptance of bribes or gratuities, or solicitation of kickbacks.
- Theft or misappropriation of County property, revenue, or other resources.
- Significant waste of County money or inefficiency.
- False documentation, certifications, licenses, qualifications.
- Whistleblower reprisal.
- Any other activity suggesting wrongdoing or impropriety involving Nassau County projects, programs, operations, grants, funds, revenue, employees, officials, contractors, vendors, or anyone who receives County money.

For more information about making complaints, please see the Frequently Asked Questions section in the Appendix following this report.

Whistleblower Protection

Nassau County’s employees and officers are protected by law, as summarized below, against retaliatory personnel action for reporting to the Inspector General (or other specified entities) allegations of improper government action by a County officer, employee, or agent that violates a federal, state, or local law, rule, or regulation.

New York State Civil Service Law, Section 75-b, entitled *Retaliatory Action by Public Employers*, provides, in part, that:

A public employer shall not dismiss or take other disciplinary or other adverse personnel action¹⁷ against a public employee regarding the employee’s employment because the employee discloses to a governmental body¹⁸ information:

- (i) regarding a violation of a law, rule or regulation which violation creates and presents a substantial and specific danger to the public health or safety; or
- (ii) which the employee reasonably believes to be true and reasonably believes constitutes an improper governmental action. "Improper governmental action" shall mean any action by a public employer or employee, or an agent of such employer or employee, which is undertaken in the performance of such agent's official duties, whether or not such action is within the scope of his employment, and which is in violation of any federal, state or local law, rule or regulation.¹⁹

Nassau County has additional whistleblower provisions, in section 22-4.4 of the County’s Administrative Code, entitled *Retaliatory action prohibited* (commonly known as the County Whistleblower Law). It provides, in part, that

¹⁷ “Personnel action” under Section 75-b means “an action affecting compensation, appointment, promotion, transfer, assignment, reinstatement or evaluation of performance.”

¹⁸ For purposes of Section 75-b, “Governmental body” means “(i) an officer, employee, agency, department, division, bureau, board, commission, council, authority or other body of a public employer, (ii) employee, committee, member, or commission of the legislative branch of government, (iii) a representative, member or employee of a legislative body of a county, town, village or any other political subdivision or civil division of the state, (iv) a law enforcement agency or any member or employee of a law enforcement agency, or (v) the judiciary or any employee of the judiciary.” See Section 75-b for additional pertinent definitions.

¹⁹ There are also whistleblower protections for employees in the private sector, under New York Labor Law, Section 740, entitled *Retaliatory action by employers; prohibition*. Of note, the protections of Section 740 were significantly broadened effective January 26, 2022.

4. Use of authority or influence prohibited.
 - (a) A government official may not, directly or indirectly, use or attempt to use his or her official authority or influence to intimidate, threaten, coerce, command, influence or attempt to intimidate, threaten, coerce, command or influence any individual in order to interfere with such individual's right to disclose information relative to improper government action.
 - (b) Use of official authority or influence shall include:
 - (i) Promising to confer any benefit (such as compensation, grant, contract, license or ruling) or effecting or threatening to effect any reprisal (such as deprivation of any compensation, grant, contract, license or ruling); or
 - (ii) Taking, directing others to take, recommending, processing or approving any personnel action. For purposes of this section, "personnel action" shall mean those actions set forth in paragraph (d) of subdivision (1) of section seventy-five-b of the New York Civil Service Law.

The Administrative Code was amended in 2019 in part to add the Nassau County Inspector General, for purposes of whistleblower protection, to the list of government officials to whom allegations of improper government actions may be reported. That section now provides in part that a County employee who has information about a government action which he or she reasonably believes to be true and reasonably believes constitutes an improper government action, may disclose such information to a supervisor, a Nassau County government official listed in the Code – including the Inspector General, or to a governmental body as defined in New York State Civil Service Law Section 75-b.²⁰

The 2019 amendment of the County Whistleblower Law also removed the general requirement that the County employee must first report the alleged improper action to his or her supervisor or department head, in order to preserve the right to pursue a retaliation claim under Section 75-b of the State Civil Service Law.

County employees who reasonably believe they have been subject to retaliation for disclosing improper governmental action may bring a civil action in a court of competent jurisdiction within one year of the alleged retaliation. Additionally, Section 196 of the County Charter provides a *criminal* penalty for retaliating, or attempting to retaliate, against any person for assisting, communicating or cooperating with the Inspector General.

²⁰ See Nassau County Administrative Code, Section 22-4.4, subdivision 3 (a). Subdivisions 3 (b) and (c) require that certain actions be taken by County officials who receive such information.

Section 196 states:

Any person who:

1. retaliates against, punishes, threatens, harasses, or penalizes, or attempts to retaliate against, punish, threaten, harass, or penalize any person for assisting, communicating or cooperating with the Inspector General; or
2. knowingly interferes, obstructs, impedes or attempts to interfere, obstruct or impede in any investigation, audit, review or examination conducted by the Inspector General, shall be guilty of an unclassified misdemeanor and subject to imprisonment for a term of no longer than one year and a fine of no more than ten thousand dollars, in addition to any other penalty provided by law. Any potential violation of this section shall be referred to the District Attorney for investigation and prosecution.

Duty to Report Corruption and Fraud

As stated in our prior annual reports, OIG believes that key methods for preventing and exposing serious acts of wrongdoing involve not only *protecting* but also affirmatively *encouraging* whistleblowers in the County government, the people who know about the problems. The means of encouraging whistleblowers should include sending a clear message that, for public servants, “looking the other way” is not acceptable behavior in Nassau. OIG believes that each public servant should have an explicit legal duty to report conduct involving corrupt, fraudulent or other unlawful activity affecting the County.

Indeed, the State of New York has recognized and adopted that principle, via a law imposing such affirmative duty on State employees and officers in the agencies under the jurisdiction of the State OIG. New York’s statute, codified at Executive Law § 55(1), provides:

Responsibilities of covered agencies, state officers and employees.

1. Every state officer or employee in a covered agency shall report promptly to the state inspector general any information concerning corruption, fraud, criminal activity, conflicts of interest or abuse by another state officer or employee relating to his or her office or employment, or by a person having business dealings with a covered agency relating to those dealings. The knowing failure of any officer or employee to so report shall be cause for removal from office or employment or other appropriate penalty. Any officer or employee who acts pursuant to this subdivision by reporting to the state inspector general improper governmental action as defined in section

seventy-five-b of the civil service law shall not be subject to dismissal, discipline or other adverse personnel action.²¹

Unlike employees and officers of the State of New York, employees and officers of Nassau County (other than the County Executive) are not generally obligated by law to affirmatively report to the Inspector General their knowledge of corruption, fraud, criminal activity, conflicts of interest or abuse. This is so even though the County's public servants are provided the same protection afforded their State counterparts under the Civil Service law, as well as the additional provisions of the County's whistleblower law and Charter section 196, cited above.

Although the County Charter does require the County Executive to promptly notify the Inspector General of possible fraud, theft, bribery, contract mismanagement and other matters,²² the crucial obligation of individual County employees to likewise report such matters to the Inspector General largely exists not as law but in the form of a 2019 guidance memorandum (from the now-former Deputy County Executive for Compliance). The Countywide Procurement and Compliance Policy additionally provides that public employees and elected officials "having responsibility for contracting procurement" shall "report waste, fraud, abuse and corruption and unethical practices" to the Inspector General. Finally, an executive order (issued by the now-prior County Executive) further requires that any individual who becomes aware of a violation of the "Zero Tolerance" prohibited gifts policy report it to the IG's hotline. While these are significant measures,

²¹ This provision is not unique to New York State's government. For example, the City of Chicago has a similar statutory requirement for its public servants: "**Duty to report corrupt or unlawful activity.** Every city employee or official shall report, directly and without undue delay, to the inspector general, any and all information concerning conduct which such employee or official knows or should reasonably know to involve corrupt or other unlawful activity (i) by another city employee or official which concerns such employee's or official's employment or office, or (ii) by any person dealing with the city which concerns the person's dealings with the city. Any employee or official who knowingly fails to report a corrupt or unlawful activity as required in this section shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined." Municipal Code § 2-156-018.

²² Nassau County Charter § 187 (5) provides in part that "The County Executive shall promptly notify the Inspector General of possible mismanagement of a contract constituting misuse or loss exceeding \$5,000 in public funds, fraud, theft, bribery, or other violations of law which appears to fall within the jurisdiction of the Inspector General, and may notify the Inspector General of any other conduct which may fall within the Inspector Generals (sic) jurisdiction." Pursuant to this provision and a supplemental directive issued by the Inspector General in accordance with § 187 (5), in 2019 the Deputy County Executive for Compliance issued a guidance memorandum to County employees that they must (likewise) report such matters to the Inspector General. While clearly an appropriate and positive measure complying with § 187 (5) and the IG's directive, this structure lacks the force of a law and so has neither the permanence nor gravity of a statute, particularly one having a stated penalty for non-compliance.

in OIG’s view they do not provide the gravity or permanence of a statutory mandate, nor do they cite a penalty for noncompliance.

The only other affirmative duty under law to report wrongdoing to the Inspector General is a limited one appearing in the County whistleblower law. It provides in sum that any county government official *receiving information from* a county employee concerning improper government action shall review it, and:

“*if* such review indicates an apparent improper government action, take appropriate corrective measures *and where appropriate, refer such information* to the appropriate investigative authority . . .” (emphases added)²³

OIG accordingly reiterates that Nassau County would benefit from strengthening its reporting requirements; codifying them into a law placing an affirmative duty on the County’s public servants to report fraud and corruption.²⁴ New York State law provides a model worthy of consideration.

Investigations

The OIG conducts both criminal and administrative (non-criminal) investigations into the conduct of County functions, transactions, contracts, programs, vendors, officials, employees, and departments. Investigations may concern potential violations of law or policies, or other possible irregularities. Unlike audits, which are typically conducted of operations or programs, and are usually general or systemic in nature, investigations are often more specific inquiries into particular actions, events or allegations or concerns of wrongdoing or deficiency, e.g., fraud, corruption, misconduct, waste, or abuse.

Investigations arise from a variety of sources. Some investigations are initiated based upon tips or complaints, or stem from other OIG activities, while others may arise on a proactive basis as determined by the OIG based on inherent risks or other factors. The OIG may also receive referrals or requests for investigation from the Legislature, the Board of Ethics, the County Executive, the Comptroller, or other officials. Some investigations may be conducted jointly with other investigative or law enforcement agencies.

²³ Nassau County Administrative Code § 22-4.4 (3)(b). The Inspector General is included among the appropriate investigative authorities in a non-exhaustive list following that text.

²⁴ In adopting such law, it would also be important to ensure that whistleblower protection is broad enough to match the scope of all the information required to be reported, which may extend beyond “improper government action,” e.g., fraud committed by vendors. It would also be essential to ensure that all County public servants are made aware of their disclosure obligations.

Irrespective of origin, OIG independently determines what and how it will investigate, and conducts its work objectively and impartially. The objective of all OIG investigations is to gather facts, to seek the truth.

Investigative Outcomes

OIG investigations can result, where warranted (e.g., where there is sufficient evidence of wrongdoing or noncompliance), in criminal or non-criminal referrals or recommendations for possible remedial action, administrative sanctions, civil enforcement, criminal charges, or a combination of such outcomes. Investigations leading to administrative sanctions may involve violations of County codes, rules, policies or procedures, and/or waste, abuse or misconduct. Investigations of allegations of administrative misconduct might result in any of the following status determinations by OIG:

- **Substantiated.** The allegations are sustained/validated. There is sufficient evidence to justify a reasonable conclusion that the actions in question occurred and that there were violations of law, policy, rule, or contract.
- **Partially Substantiated.** There is sufficient evidence to justify a reasonable conclusion that (1) a portion but not all of the allegations occurred, or (2) the alleged actions did occur but not to the extent alleged.
- **Unsubstantiated.** The allegations are not proven. There is insufficient evidence to conclusively prove or disprove the allegations.
- **Unfounded.** There is sufficient evidence to justify a reasonable conclusion that (1) the alleged actions did not occur, or (2) that there were no identified violations of law, policy, rule, or contract.

It should be noted that even when OIG determines allegations to be substantiated, it cannot impose sanctions, take disciplinary or remedial actions, or commence prosecutions. OIG can only provide information and recommendations to the organizations that are authorized to do so, the decision-makers.

Where OIG suspects a possible criminal violation of a state, federal, or local law, OIG will notify appropriate law enforcement officials.

OIG does not publicly report on ongoing investigations or prosecutions.

OIG issues reports and makes recommendations to the Legislators, County Executive, or other officials as appropriate.

Audits

OIGs may conduct performance audits, also known as program audits, and financial audits. A performance audit focuses on programs, organizations, or activities, in terms of such things as their effectiveness, economy, transparency, and internal controls/risk management. A financial audit may look at the use of funds for programs and operations, e.g., to examine the costs involved and how the money was spent and accounted for. Areas selected for audit can arise from a variety of bases, including risk factors, allegations, referrals, and as follow-up to, or spin-off from, other OIG work.

Audits typically have four phases: preliminary audit survey, fieldwork/audit verification, draft report preparation, and final report preparation/issuance. OIG audit reports may recommend corrective measures or improvements. Audit reports containing findings and recommendations will typically be directed in draft form to the County Executive or other appropriate management officials for response and provided in final form to the Legislature and other officials as appropriate.

Reviews

OIG conducts various types of reviews where a full audit or investigation is inappropriate or unnecessary and which facilitate more immediate and timely feedback to decisionmakers. Review types include, but are not limited to, screening of proposed vendor contract awards and revenue agreements, inspections as to whether operations/programs are following established policies, procedures and guidelines, and evaluations of internal controls, the use of County funds, or the effectiveness of operations/programs in meeting goals and objectives.

When OIG staff completes a review project, the Inspector General may issue a letter, memorandum, or report to appropriate officials describing observations/findings and/or providing recommendations for remedial action, reforms to prevent future problems, or steps to improve effectiveness, accountability or transparency.

Procurement/Contracting Oversight Activities

Procurement, for purposes of this report, may be defined as the process by which goods and services are selected and acquired by the County for the benefit of the public. This includes the use of formal contracts as well as the issuance of purchase orders. As the County's procurement activities involve the expenditure of public funds, it is important that purchasing/contracting reflect the best interests of the County. The County's processes and practices should be transparent and guided by considerations of competition, quality, value and price, and, of course, compliance with law.

While the Nassau County OIG shares the general oversight responsibilities common to most OIGs in the nation – to detect and prevent waste, fraud, abuse and illegal acts; to promote transparency, efficiency and integrity – the County Charter places particular emphasis on the OIG pursuing those responsibilities within the specific context of the County's contracting and procurement processes. To accomplish those ends, the OIG's oversight of the County's procurement/contracting activities may take a wide number of forms, including but not limited to:

- Reviewing contracts/purchases/grants and proposed contracts/purchases/grants, e.g., for compliance, transparency, and justification of the award.
- Examining vendors' declarations in their Business History and Principal Questionnaire forms for accuracy, completeness, and information of concern, including matters potentially impacting business integrity.
- Providing Contract Review Statements and Contract Review Reports to the County Legislature, for items submitted by the Administration for approval.
- Reviewing employee financial disclosure statements, contractor political contributions, and lobbying disclosures.
- Reviewing processes followed, e.g., for efficiency, effectiveness, compliance, and transparency.
- Observing the conduct of vendor selection (evaluation) committee meetings.
- Reviewing records of decision-making, e.g., for transparency and sufficiency.
- Reviewing invoices and payment applications.
- Reviewing contract specifications and change order requests.
- Reviewing vendor evaluations.
- Monitoring ongoing projects.
- Conducting site visits at locations where a vendor is performing or has performed services.

- Examination of deliverables to verify specifications have been met and correct quantities have been provided.
- Reviewing materials-testing results/certifications.
- Reviewing reports of integrity monitors and regulatory agency records relative to vendors or prospective vendors.
- Notifying the Administration and/or Legislature of the discovery of potentially adverse information about current or prospective vendors.
- Conducting investigations, audits, preliminary inquiries, and other reviews as deemed appropriate.

Screening of Proposed Contract Awards

OIG selects, as part of its oversight role, proposed contracts/legislative items for independent scrutiny. During 2021, OIG scanned for its information over 300 items prior to their approval by the Legislature and selected approximately 200 for a more detailed review.

Vendor Disclosures

The standard for contract award under County procurement policy is in part whether the vendor is “responsible.” A responsible vendor is one which has the capability in all respects to fully perform the contract requirements and the business integrity to justify the award of public tax dollars. In furtherance of the County’s responsibility determination process, prospective vendors are required to submit to the Administration disclosure documents including a Business History questionnaire form (BHF), and the principals of the vendor organizations must each submit an individual Principal Questionnaire Form (PQF). It is the responsibility of the various procuring departments to review and assess these disclosures.²⁵

In 69 instances during 2021, OIG apprised the Administration and/or the Legislature in writing that it had detected during its review potential matters of concern, including but not limited to apparent omissions and/or discrepancies within vendors’ BHF’s and/or individual PQF’s, or what appeared to be adverse information. While OIG observed a general reduction from 2020 in the percentage of vendors having such issues, OIG in 2021 nonetheless detected a range of vendor issues, including:

²⁵ While OIG reviews proposed contracts and their disclosure forms on a spot-check, oversight basis, the determination of vendor responsibility, including the task of vendor vetting, resides with the respective procuring departments.

- Expired insurance certificate
- Expired registration or operating certificate
- Lack of current license
- Failure to submit Principal Questionnaire Form(s)
- Failure to disclose subsidiary or affiliated business entities
- Failure to disclose status as a principal of another entity
- Failure to disclose sharing resources with another entity
- Failure to disclose reportable political contribution
- Inadequate business references
- Additional adverse information

The Administration subsequently advised that the issues were resolved, or the item was withdrawn.

Insufficient Documentation

OIG also reported on other issues in some of the legislative packages submitted by the procuring departments, including:

- Sole source justification not provided
- Low bidder participation memorandum not provided
- Staff Summary missing relevant information

The issues were subsequently resolved, or the item was withdrawn.

Procurement/Contracting Monitoring

General Observations

As we first related in our inaugural annual report, the District Attorney’s 2015 *Special Report on the Nassau County Contracting Process* described “serious systemic deficiencies that require the immediate attention of the County Executive and Legislature to protect taxpayers and prevent future scandal” and noted in part that “One of the greatest vulnerabilities of the County is its predominately decentralized procurement process.” It is apparent from OIG’s three years of observation that the County still has a number of key procurement functions being performed across its various departments, but it has made many important improvements since the state of affairs detailed in the District Attorney’s report. These include creation of the position of Chief Procurement Officer (CPO) in part to establish and ensure compliance with uniform procurement policies and procedures, as well as the 2019 issuance of a Countywide Procurement Policy, a series of supplemental policy enhancements culminating in a 2021 updated version of the Policy, and the adoption

of the Vendor Code of Ethics. A number of the policy enhancements, as well as the Vendor Code, were recommended by OIG.

Selection Committee Oversight

OIG's monitoring of procurement-related activity during 2021 included attending 101 selection committee meetings conducted as part of RFP evaluation processes in various procuring departments.²⁶

Where OIG had concerns about the conduct of a selection committee meeting it observed, it brought them to the attention of the Chief Procurement Officer (CPO) for his information and appropriate action. In one such instance, OIG staff observed that a vendor's proposal to provide a certain service quoted a price that was an extreme outlier, well over \$100 million higher than even the next closest price, among the several other competitors' proposals.

In OIG's assessment, while cost is typically not the sole selection criterion in an RFP process, it would have been highly unlikely in this situation to plausibly justify expending so much more public money for the service. Based on its experience and knowledge of public procurement policy, OIG therefore expected that such an extreme outlier would have been instantly eliminated from further consideration by the committee. This, however, did not occur; rather, the committee continued to actively consider the outlier proposal along with the others. OIG accordingly brought the committee's conduct to the attention of the CPO. In response, the CPO, the user department's management, and the County Attorney's Office provided greater oversight and guidance of the subject selection process. Ultimately, the vendor which submitted the outlier proposal was not selected for award. Had OIG not detected and raised its concerns, the selection process might have had a different outcome, potentially with substantial additional cost to the County.

²⁶ Selection committees are also known as evaluation committees.

The Charter and procurement policy mandates that procuring departments notify OIG in advance of selection committee meetings, so that OIG has the ability to observe the meetings. In one instance in 2021 however, a department failed to notify OIG of the RFP evaluation process for a professional services contract, and OIG thus was not afforded the opportunity to witness the process. OIG did not learn of this omission until after the department had submitted a proposed contract for Legislative approval. In researching this matter, OIG learned that the department had mistakenly thought that, since only one proposal was received, no evaluation committee would be required and thus OIG notification was not necessary. OIG brought this matter to the attention of the CPO, who took corrective action to prevent reoccurrence.

Oversight of On Call Contracts / Task Orders

In December 2021, during a meeting of the Legislature’s Rules Committee, the Presiding Officer observed in effect that DPW’s “on call” consultant contracts are long term and involve a lot of money but the ensuing “mini bid” task order awards issued under those contracts do not come before the Legislature for approval. In light of this, the Presiding Officer requested in essence that the DPW Commissioner ensure that OIG henceforth be afforded the opportunity to monitor the task order award processes. The Commissioner agreed to do so.

OIG subsequently followed up with the Commissioner to specifically ensure that beginning 2022 DPW would promptly notify OIG both of the issuance of “mini bid” solicitations as well as provide timely notice of meetings of the technical review committees²⁷ so that OIG is able to monitor the meetings. The Commissioner confirmed these steps would be taken. Going forward, OIG’s oversight activities will thus be expanded to include observing meetings of DPW’s technical review committees, similar to our monitoring of contract selection committees.

Capital Project Oversight

Among the matters that OIG monitored during 2021 was Phase Two of the Family and Matrimonial Courthouse project. The scope of this capital project is the conversion of a 239,000 square foot, County-owned office building in Garden City, formerly used by the Department of Social Services, into a 255,000 square foot court complex. Phase Two includes a complete interior fit-out, as well as site improvements such as paving, drainage, and landscaping.²⁸ When completed, the Family Court will consist of 23 courtrooms and hearing rooms and the Matrimonial Center will consist of 13 courtrooms and hearing rooms. Also included in the project is a Family Justice Center which will occupy part of the first floor and basement, a sally port, holding facilities, judicial chambers, auxiliary offices, and interview rooms.

In addition to reviewing the project’s monthly progress reports, OIG conducted site visits, and performed due diligence-type background searches. As further described in our Reports and Recommendations section, OIG explored the basis for a proposed amendment to increase the value of the construction manager (CM)’s existing contract by \$1 million (approximately 33% of the original amount), and also extend by two years the contract’s original 26 month term. The results of OIG’s exploration were issued in a Contract Review

²⁷ A technical review committee is a group of DPW personnel that reviews the technical and cost proposals received for a task order and selects, on a “best value” basis, the proposing firm, or firms, which will be assigned the task order.

²⁸ The preceding Phase One involved work on the building core and shell, including interior demolition and removal of the façade and roof.

Report to the Legislature, which explained the history of the contract's expenditures, and the present-day necessity for increases of money and time. OIG noted in part that DPW expects that the additional funds will cover only a portion of the extended period, and that the department could not provide assurance that another amendment would not be needed in future. Following issuance of OIG's report, the Legislature's Rules Committee approved the contract amendment.

In other matters, OIG in 2021 reviewed monthly progress reports of, and conducted site visits at, the new Police Training and Intelligence Center (also known as the new Police Academy). OIG also reviewed a sample of change orders for their supporting documentation, and examined various matters, such as the basis for and impact of a change in design, and the water penetration of the roof and windows in the new building following heavy rain. OIG also conducted site visits and performed due diligence-type checks on subcontractors in connection with the Bay Park Conveyance Project, an approximately \$440 million design-build capital project that is a partnership of Nassau County DPW and New York State.

OIG plans to continue monitoring ongoing capital projects as they proceed.

Other Oversight Activities

In addition to conducting eight site visits and the various other activities described in this report, OIG during 2021 attended all 10 Departmental Chief Contracting Officer (DCCO) teleconferences on procurement issues, Board of Ethics meetings, the District Attorney's Annual Labor Conference, a countywide procurement policy training session and both meetings of the interagency County Procurement Policy Monitoring and Assessment Committee.

Reports and Recommendations Issued

Contract Review Report: Construction Management Services – Family and Matrimonial Court Project

OIG reviewed the basis for the Department of Public Works (DPW)'s request that the County Legislature approve an amendment of a contract with the consultant firm hired by the County in 2019 to provide Construction Management (CM) services for Phase 2 of the Family and Matrimonial Courthouse construction project.²⁹ This is one of the County's major capital projects, and is monitored by OIG. The proposed amendment sought to increase the contract dollar amount by \$1 million and extend the duration of the consultant's contract by two years.

OIG noted that the \$1 million sought was approximately 33% of the original CM contract amount of just under \$3 million. OIG also noted that the amendment was requested only about five months after the general contractor received notice to proceed with Phase 2 construction. This raised in OIG's view a question as to why such a significant percentage of additional funding was needed at this early stage of the project. OIG further noted that the requested two-year extension would keep the consultant under contract until October 2023, one year beyond even the revised project completion date of October 2022.³⁰ OIG accordingly initiated a review to understand the basis for the requested increase of time and money, and provide that information to the Legislature.

Additional Time

OIG learned that the additional two-year period was driven by various factors that rendered both the original and revised project completion dates unattainable. These include the COVID-19 pandemic, which delayed DPW's issuance of the notice to proceed to the general contractor until April 2021, a year later than planned. When the notice to proceed was issued, DPW anticipated construction completion by October 2022, an 18-month time frame. However, according to DPW, Phase 2 construction was delayed due to the need to do Phase 1 work that had not been completed as planned. DPW further advised OIG that additional delays would result from the redesign of a structural element and difficulties in obtaining construction materials.

²⁹ Phase 1 of the project entailed demolition and work on the exterior façade. Phase 2 entails interior fit-out and landscaping. Construction Management services includes the administration of the project on the County's behalf, including scheduling of the work and coordination of the construction contractors, and any other entities on the site, so that the work may be accomplished timely and efficiently.

³⁰ This date was revised from October 2021 to October 2022 due to delays arising from the COVID-19 pandemic.

The latest project schedule (at the time of OIG’s review) anticipated a completion date of August 31, 2023. DPW representatives informed OIG that they have not been able to mitigate the delays, and OIG found no information indicating otherwise.

Additional Funds

OIG sought to determine the need for an additional \$1 million and learned that \$350,000 of that amount would be used to partially fund the consultant’s additional CM staffing costs during the time extension. OIG highlighted to the Legislature, however, that a further cost increase was possible, as this amount was expected to fund only four to five months of CM staffing and DPW was unable to provide assurance that it would not later require another funding amendment.

OIG learned that the bulk of the additional funds, \$650,000, would be used to replenish the consultant’s mostly depleted allowance for Extra Services and Reimbursable Expenses. As to the timing of this need, OIG learned that DPW had authorized the consultant to begin pre-construction services, and thus consumption of that allowance had started even before the general contractor was given its notice to proceed.³¹

Moreover, OIG learned that most of the original allowance had been consumed by DPW’s authorizations for building commissioning services,³² which comprised 59% of the total allocation. This led OIG to ascertain why the cost of commissioning had not been included in the base price of the consultant’s contract.

OIG learned that when the CM Request for Proposals (RFP) was issued, the scope of services did not then include commissioning, and thus the consultant did not price that service in its proposal. DPW officials advised OIG that they elected to add commissioning to the consultant’s contract work only after selecting the consultant for award because, as DPW explained, the project specifications requiring those services had not been completed at the time the RFP was issued. When the consultant submitted its cost proposal for commissioning, the amount was nearly \$365,000 higher than the \$100,000 DPW had allocated, resulting in a shortfall.³³

³¹ An allowance is a sum of money set aside for anticipated project-related work, the amount of which cannot be exactly quantified in advance.

³² The technical specifications for the Phase 2 of the Family Court Project define commissioning as the process of ensuring that systems [e.g. HVAC] are designed, installed, functionally tested and capable of being operated and maintained to perform in conformity with the design intent. For this project, commissioning includes construction, startup, acceptance, and training.

³³ At the time DPW authorized the consultant to provide commissioning services, the department anticipated the shortfall and was aware that a contract amendment would be necessary to fully fund the work.

OIG found that the remainder of the original allowance had been consumed by other services, such as photographic documentation, building information modeling, and third-party inspections. Most notably of these, due to depletion of the original allowance, nearly \$274,000 in amendment funds was needed to cover the full cost of third-party inspections.

Following the issuance of OIG's report, the Legislature's Rules Committee voted to approve the amendment.

Review Report: Overview of DPW's On-Call Contracts

In the Department of Public Works (DPW), the term "on-call" contract refers to a master agreement in which a consultant firm is retained to provide DPW with professional services in a given technical category, on an as-needed basis. DPW makes extensive use of on-call contracts. As of the end of 2020, DPW was managing 23 active contracts awarded to 12 firms in four professional services categories.

The Minority Leader of the County Legislature advised OIG that once the Legislature approves a DPW on-call contract it has very little opportunity and involvement in the administration and utilization of the contract, including the level of expenses incurred. OIG explored DPW's use of on-call contracts, which included looking at a selected sample of these contracts. OIG provided a report of its observations to the Legislature and the Administration, as summarized below.

DPW awards on-call contracts to groups of qualified consultant firms for possible future assignments. Each contract is for one category of professional service, such as architecture, engineering, construction management, or inspections. Such category contracts are awarded to multiple firms.

DPW awards each on-call contract with a not-to-exceed dollar amount, known as the contract cap. DPW assigns work to the on-call firms under contract by means of task orders (TOs), funded by project budgets. Most TOs issued by DPW are competitively bid amongst those firms with a contract in the relevant professional service category, a process sometimes referred to as a "mini bid." DPW technical review committees then determine which firm(s) offer the best value for the given TO. DPW advised OIG that task size, scope, and need for expediency drive the decision to issue a TO, as opposed to issuing a Request for Proposals (which would lead to an individual contract).

OIG observed certain trends in on-call TO awards. It was uncommon for all eligible firms to submit proposals for every available TO. Additionally, OIG found a somewhat uneven distribution of TO award dollars within contract categories, with some firms having

received less than 5% of all awarded TO dollars and others receiving more than 25%. DPW attributed this disparity to differences in expertise among consultant firms, which are reflected in best-value determinations. OIG also observed that due to the uneven distribution of TO dollars, some firms reach their caps sooner than others, and thus DPW at times decides to amend their contracts by increasing the contract cap, to allow firms to continue proposing on each TO. These amendments require Legislative approval.

In one instance, OIG discovered an arithmetic error in DPW's calculation of a dollar cap amendment and learned that DPW did not have a formal written procedure for calculating cap increases. OIG therefore recommended that DPW formally document its cap amendment calculations to help prevent errors.

OIG observed that DPW augments many TO awards with reserve funds, referred to as "contingency," to cover unforeseen project costs without the need to delay the project to secure additional funds. While the cognizant DPW officials were able to provide reasonable explanations of how they determined the contingency amounts in given instances, DPW did not document its contingency rationales. OIG accordingly recommended that DPW document its reasoning for on-call TO contingency amounts, to preserve institutional knowledge and foster transparency.

DPW accepted both recommendations. OIG will follow-up in future with DPW to ensure implementation of the recommendations.

Review of Limited Bidding on Preschool Bus Transportation Contracts

During 2021, a group of four contracts for the provision of Preschool Bus Transportation contracts was submitted to the Legislature's Rules Committee for approval. There was very little competition for these contracts. While a total of four bus companies submitted bids, three of the contracts each received a bid from just one of the bus companies. The fourth contract received bids from only two of the companies. The contract which received two bids was for bus service in two route zones; the remaining contracts, which received only one bid each, were for providing service in single route zones. The Legislature's Presiding Officer requested that the OIG look into the circumstances of the low number of bids.

OIG ascertained that in addition to the foregoing low level of competition, the 2021 solicitation resulted in fewer bids compared to the previous solicitation, five years earlier. In 2016, seven bus companies submitted bids, three more than in 2021. The level of competition among these seven firms was also higher, as four of them bid on more than one zone.

OIG found that a partial explanation for the reduced competition in 2021 is that two of the seven 2016 bidders subsequently ceased operations, apparently as a consequence of COVID-19 and associated school closures. OIG also noted, however, that one of the 2016 bidders, still in operation, did not submit any bid in 2021. To further explore the basis for the limited competition, OIG contacted that bidder and each of the four 2021 bidders. All provided the business reasons for their bidding decisions, with more than one company citing COVID-19 and the shortage of bus drivers as factors. OIG noted that the industry's driver shortage is documented in recent news accounts. Finally, all the companies denied being in contact with their competitors concerning the County's contracts.

OIG accordingly reported that its review did not reveal evidence that the low level of bidding participation was a result of impropriety.

Contract Review Statement: Amendment of License Agreement

Competition is the legally preferred method for acquiring goods and services. OIG conducted a review of a proposed amendment to extend the duration of and modify a revenue-and-license agreement with a long-time incumbent licensee. The proposed amendment had been submitted for Legislative approval following the cancellation of a competitive RFP process that could have led to a new agreement for the subject facility. OIG identified a number of concerns in the proposed amendment, and in its review statement to the Legislature and the Administration, OIG commented in part to the effect that:

- While OIG's initial understanding was that the amendment was intended as only a temporary measure, to maintain service at the facility until a new competitive selection process could be conducted, the contract summary made no reference to resuming the competitive process. Additionally, the potential length of the time extension, up to three and a half years from the time of OIG's review, seemed excessive for what would be reasonably necessary for resumption (even in light of the COVID-19 pandemic). Moreover, the metric by which the Administration would determine it was time to restart the competitive selection process was not stated.
- The proposed amendment provided significant revenue concessions in the licensee's favor. In OIG's assessment, some of these provisions could be interpreted in more than one way and therefore warranted clarification.
- The proposed amendment would also authorize the licensee to engage in activities in addition to those already allowed in the existing agreement. It appeared to OIG

that the County could have made these activities the subject of a public competitive process resulting in a separate award. In OIG's view, the bases for the decision to non-competitively grant new rights ought to be set out in the written record.

- The licensee at the time of OIG's review was nearly \$143,000 in arrears to Nassau County. Under the County Charter, the County would need to receive full payment of the arrearage prior to the award of the amendment. OIG also noted that although the agreement imposed late charges for any payment overdue for more than 15 days, the proposed amendment was silent as to the satisfaction of late charges (which OIG estimated as totaling over \$6,000).

Following OIG's review, the Administration submitted to the Legislature a replacement amendment (subsequently approved by the Legislature's Rules Committee) and contract summary, which were responsive to a number of the points that OIG had raised. These made important clarifications, provided additional explanations, eliminated the option for one year's further extension, reported that the arrearage had now been paid, and stated that the late charges had been waived. OIG brought to the Administration's attention, that the legislative package did not contain a response concerning the bases of the decision to non-competitively grant additional rights; this was subsequently furnished in email form. The Administration also went forward with the issuance of a new competitive RFP.

OIG also noted that the Administration's new contract summary now provided an additional justification for the amendment, stating that the County's issuance of the initial RFP in 2019 "negatively affected the business operations" of the incumbent licensee, potential patrons being hesitant to contract with the incumbent amid the then-pending RFP. As explained in its review statement to the Legislature and the Administration, OIG did not follow the logic of that justification, nor was it aware of data quantifying the asserted negative effect.

Item Review Statement: Assignment of Tax Liens

OIG conducted a review of a proposed Resolution item, with a revenue impact, submitted to the Legislature by the Administration in December 2021. The item proposed the assignment of a tax lien certificate for certain real property, wherein the tax liens would be assigned to the current owner of the property at less than the full dollar amount, i.e., without payment of interest or penalties. This would, in effect, waive the property owner's payment of those amounts. The liens were the result of nonpayment of real property taxes by the prior owner of the property. The submission's Staff Summary asserted that the assignment of tax liens at less than full dollar amount is permitted under the Nassau County Administrative Code, provided the assignment is to a party who did not have an interest in the property at the time of the non-payment of the taxes.

OIG noted that, even if the above legal assertion was correct, the Administrative Code imposes the further requirement that such assignment be in the “best interests” of the County. There was, however, no “best interests” statement in the legislative package, nor was there a statement as to the dollar amount of penalties and interest that would effectively be waived. To OIG’s understanding, the amount in question might be as high as approximately \$450,000.

OIG accordingly issued a Review Statement to the Legislature and the Administration that, in the interests of enhanced transparency and to better facilitate informed decision making, OIG believed it would be advisable for the Administration to amplify the public record to reflect:

- The total amount of funds to be waived;
- Whether the Administration is in fact representing that it determined such waiver is in the best interests of the County; and if so,
- The rationale justifying such determination, e.g., describing why it is necessary or prudent; the alternatives; what would happen if the amount was not waived.

Following the issuance of OIG’s Review Statement, the Administration withdrew the item.

Updates

Disclosure of Vendor Adverse Information in Staff Summaries

Background

By law and policy, the County may only award a contract to a vendor that has demonstrated that it is “responsible.” A responsible vendor is one which has the capability in all respects to fully perform the contract requirements as well as the business integrity to justify the award of public tax dollars. County departments are required to conduct vendor responsibility reviews for proposed contract awards, to determine in part if there exists any material adverse information (MAI); i.e., adverse information impacting the vendor’s integrity or capacity to perform the contract.³⁴ MAI may be disclosed in the questionnaires the vendor submits to the County, or may be independently discovered by the County.³⁵

³⁴ Not all adverse information is necessarily material.

³⁵ In some situations, the County may want to proceed with a contract award to a vendor even though MAI was found. For example, the vendor may have demonstrated to the County’s satisfaction that it implemented corrective action or measures to prevent reoccurrence of the conduct or event at issue. In

As part of the contract approval process, the procuring department submits to the Legislature in advance of its vote a package of documents, including a staff summary. In the course of reviewing procurement packages in 2019, OIG observed that MAI was rarely referenced in the staff summaries. There was no explicit policy mandate that the Administration disclose to the Legislature whether the department found the vendor to be responsible notwithstanding the existence of MAI, nor whether the Chief Procurement Officer (CPO) had reviewed and concurred with that determination.

While documents reflecting the vendors' self-disclosures of adverse information were included within the legislative package, they were often difficult to find within the voluminous materials, and adverse information independently discovered by the County was usually not included at all.

To increase transparency and promote more efficient, informed decision-making by the Legislature, OIG therefore recommended in 2019 that staff summaries incorporate either a statement or check box indicating whether MAI regarding the proposed awardee was identified. OIG further recommended that in cases where MAI was identified, the summaries include a statement indicating that (1) the department head found the vendor responsible for award notwithstanding the MAI, and (2) the CPO reviewed and approved the decision.

Update

The Administration concurred with these recommendations and implemented them. OIG later observed that the staff summaries submitted by virtually all departments were in compliance, but those submitted by the Department of Shared Services, which employed a somewhat different summary form, did not yet reflect implementation of the recommendation. This was an important exception because a significant portion of the staff summaries submitted to the Legislature are from that department. OIG accordingly notified the Administration, and in response the staff summaries of that department were suitably modified in 2021.

On a related note, OIG observed that although the MAI reporting *format* was implemented within the County, there nonetheless were instances where adverse information which was significant and arguably material was not being *identified as* MAI on the staff summary, nor was any indication provided as to why it was not. When OIG explored these situations, it learned that the department involved had not deemed the adverse information to be sufficiently relevant to be designated as "material." In one such instance, a vendor had disclosed a number of governmental investigations and other matters, including in part that

these instances, the administration might find a vendor to be responsible and eligible for contract award notwithstanding the existence of MAI.

less than two months earlier it had entered into an independent monitorship (oversight) agreement with the City of New York – yet this information was not designated as MAI, nor otherwise highlighted or even addressed by the department in its written submission to the Legislature.³⁶ In OIG’s view, such casual treatment of adverse information by procuring departments risks defeating the purposes of fostering transparency and informed decision-making by the Legislature.

OIG in 2021 therefore recommended to the CPO that the procuring departments should disclose all significant adverse information found, and then indicate whether that adverse information was deemed to be material. The ensuing 2021 version of the countywide procurement policy now provides guidance as to what constitutes significant adverse information, and requires that any contract package submitted in the contract routing system or submitted for Legislative review, shall include: (1) a summary of significant adverse information disclosed by the vendor, (2) all adverse information discovered by the department, and (3) a statement as to the reason(s) why such information is not a basis for finding the vendor nonresponsible.³⁷

OIG-Recommended Revisions of Vendor Disclosure Forms Implemented

OIG in 2019 conducted a detailed examination of the County’s existing Business History Form (BHF) and of revisions then under consideration. Based on our review, OIG provided the Chief Procurement Officer (CPO) with a set of recommended supplemental revisions of that form, involving modification of existing questions and the vendor’s certification language, as well as the addition of certain pertinent questions. OIG followed up with the CPO during 2020. The revisions were not then implemented, due to emergent priorities associated with the pandemic and a decision to simultaneously issue revised versions of both the BHF and the companion Principal Questionnaire Form (PQF).

The OIG likewise provided the CPO with a set of recommended revisions for the PQF, similarly intended to enhance and clarify the questions posed to vendors, the instructions identifying the persons who are required to file, and to better capture the range of information relevant to the County’s responsibility determinations.

During 2021, OIG followed up to ascertain the status of the new versions, and subsequently

³⁶ OIG reviewed the materials submitted to the Legislature, conducted follow-up inquiries with other investigative agencies, and briefed the Legislature. The County department involved also sought information from the vendor and submitted to the CPO a memorandum summarizing the information obtained and indicating that it did not deem any of the various matters as material to the County’s contract.

³⁷ Countywide Procurement & Compliance Policy # CE-01-2021, at page 73.

reviewed and commented on the latest drafts of both forms. In October 2021, the CPO adopted revised BHF and PQF forms. These new versions reflect a number of enhancements recommended by OIG.

Notification of Apparent Non-Compliance with Agreement

As previously stated in our 2019 and 2020 annual reports, OIG had learned, and so notified the Administration in 2019, that pursuant to the terms of a license agreement between the County and a licensee company, the licensee was apparently required to complete certain improvements at a County facility within a specified timeframe, but had not done so, either within that timeframe or thereafter. The County was in litigation with the licensee at the time of the OIG's notification and the matter was added to the litigation. Litigation remained pending as of the end of 2021.

Precautionary Notifications

In two instances during 2021, OIG learned, and so alerted the Administration, of procurement-related criminal charges involving local parties, as described below. While an indictment or an arrest on criminal charges is only an accusation,³⁸ and the parties were not known to presently be doing business with Nassau County, given the nature, proximity and gravity of the pending charges, OIG brought these matters to the attention of the Chief Procurement Officer (CPO) for information in the event that any of these parties bid on County work or were proposed as subcontractors.

In one instance, OIG notified the CPO that multiple parties in Queens and Nassau counties had been indicted in a nearby county in connection with allegations of offering bribes in exchange for New York City Housing Authority "micro-purchase" contracts.

In the second matter, OIG notified the CPO of the arrest of a Long Island contractor for allegedly falsifying information on bids for public works projects in certain Suffolk County municipalities and failing to pay prevailing wages. While the company was not known to presently be doing business with Nassau County, it had established a vendor profile in ADPICS, Nassau County's Advance Purchasing Inventory Control System, used by departments to place purchase orders with the Office of Purchasing. Following OIG's notification, the Administration deactivated the company in ADPICS.

³⁸ All parties are presumed innocent until and unless convicted.

Intergovernmental Cooperation and Liaison

During its activities in 2021, OIG interacted with numerous law enforcement and oversight organizations, including the following:

- Nassau County District Attorney's Office
- Suffolk County District Attorney's Office
- Nassau County Comptroller's Office
- Nassau County Interim Finance Authority
- Nassau County Police Department
- United States Department of Justice
- United States Department of Homeland Security OIG
- New York Metropolitan Transportation Authority OIG
- New York State OIG
- City of Atlanta OIG
- City of Chicago OIG
- Miami-Dade County OIG
- Palm Beach County OIG
- Washington, DC OIG
- New York City Department of Investigation
- Association of Inspectors General

Join the Team; Be an Agent of Positive Change

Corruption and fraud have a profound effect on the efficiency and effectiveness of government; on how it serves its people. Corruption can result in the misallocation of limited resources, encourage wasteful and reckless spending of public funds, and adversely affect law-abiding businesses and employees, including those already facing unprecedented challenges. Fraud can result in your, the taxpayer's, hard-earned money being stolen.

Each bribe, each false document submitted, each collusive bid, each kickback, each conflict of interest, chips away at the integrity and public trust that are essential to good government.

Fighting corruption and fraud, ensuring a level playing field, and maintaining strong ethics in government, are important responsibilities – responsibilities which are shared by all of us in Nassau County. Successfully fighting fraud and tackling corruption is a team effort. We encourage you to be part of the team; to help us by sending OIG your complaints, concerns, and suggestions.



. . . . Other offenses violate one law while corruption strikes at the foundation of all law. . . . If we fail to do all that in us lies to stamp out corruption we cannot escape our share of responsibility for the guilt.

Nassau County resident, President Theodore Roosevelt, 1903.

APPENDIX

- ◆ **OIG POSTER**
- ◆ **FREQUENTLY ASKED QUESTIONS ABOUT COMPLAINTS**

DO YOU SUSPECT

**Fraud Waste
Corruption or
Abuse**

Report

Nassau County

**Vendor, Contractor, and
Employee Fraud, Waste,
Corruption, and Abuse**

to the

**Nassau County Office of
the Inspector General**

Hotline# 516-571- IG4U (4448)



Frequently Asked Questions about Complaints

You Can Be Part of the Solution

Good government is everyone's business. Anyone can help fight fraud, waste, abuse, and corruption in our County by reporting suspicious activity.

If you have a complaint or concerns involving a Nassau County agency, its employees, contracts, projects, or programs – or about any individual or entity that does business, or is seeking to do business, with the County – tell us about it. Your call, email, or letter could be the one that saves the County millions of dollars or helps put an end to abusive or wasteful practices.

Q: Who may file a complaint with the OIG?

A: Anyone, including Nassau County employees, companies that do business with the County, and members of the public.

Q: What kind of complaints does the OIG investigate?

A: Fraud, theft, waste of funds, abuse of resources or position, bribery, corruption, conflicts-of-interest, gifts from vendors, whistleblower reprisal, and serious misconduct or mismanagement affecting or involving County operations, programs, projects, contracts, or funds. OIG does not investigate routine personnel issues, such as grievances.

Q: Does the OIG investigate individuals or companies that conduct business with the County?

A: Yes. The OIG may investigate any individual or entity that either is doing business with Nassau County, receives funds from the County, or which, through the submission of a bid, proposal or application, expresses interest in doing business with the County.

Q: How do I file a complaint with the OIG?

A: A complaint can be registered with the OIG in several ways: via the online complaint form, email, fax, surface mail, in-person, or telephone:

- **Telephone Hotline: (516) 571-IG4U
(516) 571-4448**
- **Email: InspectorGeneral@nassaucountyny.gov**
- **Fax number: (516) 571-0029**
- **Surface Mail address:
Nassau County Office of the Inspector General
1 West Street, Room 341
Mineola, NY 11501**

Q: Can I request that my identity be kept confidential?

A: Yes. If you request confidentiality, we will not reveal your identity without your permission, unless required by law. You should also be aware that there are provisions of law that, under appropriate circumstances, protect employees from retaliation. If you believe that making a report to the OIG will place you at risk of retaliation, you should inform us of that as well.

Q: Do I have to identify myself if I make a complaint to the OIG?

A: No. You can remain anonymous in submitting an allegation to us. Note, however, that your information will be most useful if we have a way to contact you if follow-up questions are necessary. Information that is too vague or cannot be supported can result in closing your complaint without remedial action. If you remain anonymous, we also will not be able to acknowledge receipt of your complaint or later advise you if the matter is in open or closed status.

Q: What information should I include in my complaint?

A: Please provide as much information as you can. Information that is too vague or cannot be supported can result in closing your complaint without remedial action. Therefore, we also encourage you to give us at least one way to contact you should we have questions or need more information. In any event, please be as specific as possible in explaining the nature and details of your complaint. You may use the following list as a guide to the information to include:

- If a project or contract is involved, identify it.
- When and where did the event happen? Give dates, times; location; facility; work unit, etc.
- Who engaged in the misconduct? Who else was involved?
- What exactly did he/she/they do?
- How do you know what you are reporting? Did you witness it? Hear about it from someone else?
- What proof exists to support or confirm your complaint?
- Who else witnessed it? Who else is aware of the wrongdoing?
- Who else has further information? What is their contact information?
- How was the fraud accomplished? How was the scheme concealed?
- How many times has it happened? How long has this situation existed?
- Who else have you reported this matter to? When? What action was taken?

The above list is only a guide; you may wish to include other/additional information.

Q: What should I do if I acquire more information after I have submitted a complaint?

A: Any additional information you acquire after making your report to the OIG should be reported to us in a follow-up telephone call, email or letter.

Q: What do the terms fraud, waste, abuse, and mismanagement mean?

A: **Fraud** is the misrepresentation of a material fact in order to obtain a payment or benefit. Put another way, fraud is wrongful or criminal deception intended to result in financial or personal gain.

Waste is negligent, needless, careless or extravagant expenditure of County funds, incurring of expenses, loss of revenue, or the misuse of County resources or property. Waste may result from improper or deficient practices, systems, controls, or decisions.

Abuse is the intentional wrongful or improper use of County resources, which can include the improper or excessive use of a person's County position, in a manner contrary to its rightful or legally intended use.

Mismanagement as used here, is when management action – or inaction – could adversely impact the County's operations, programs, projects, or funds or grossly deviates from the standard of care or competence that a reasonable person would follow.

Q: What is an example of a conflict-of-interest?

A: An example would be a County contracting or oversight official who has an undisclosed financial interest in a contractor, vendor or consultant, resulting in an improper contract award or inflated costs to the County.

Q: What is an example of fraud?

A: Fraud can take many forms. One example is where a supplier (vendor) misrepresents how much material was provided, or the type or quality of the goods it provided and billed, to the County. Fraud can include submitting false claims, making false statements, concealing material information, unauthorized disclosure of confidential information relating to procurement matters, and the offer, payment, or acceptance of bribes.

Q: What is an example of waste?

A: Waste can include extravagant, careless, or needless expenditure of County funds. One example would be causing County funds to be used to purchase replacement parts for old equipment that is being scrapped.

Q: What is an example of misconduct?

A: Examples include a County official or employee improperly using County resources for unauthorized purposes, or disseminating confidential information without proper authority to do so.

Q: What is an example of abuse?

A: Examples include a County official or employee improperly using his or her position in order to benefit the interests of a family member, such as inducing the County to hire that person, or to award a contract to the family member's business.