

MAINE STATE LEGISLATURE

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MAINE STATE AUDITOR'S FRAUD HOTLINE

<http://www.maine.gov/audit/fraud/fraud.htm>

December 2011 Semiannual Report

Period 07/01/11 to 12/31/11

Total number of complaints received: 27
Complaint sequence: Complaints: 80 to 107
Investigations by the State Auditor: Opened: 27
Completed/Closed: 27

Referred to the Attorney General (AG): 4

Referred to Office of Program Evaluation & Government Accountability (OPEGA): 0

Complaints about private individuals referred (some to more than one agency):

Referred to Fraud Investigation and Recovery Unit of DHHS (FIRU): 6

Referred to Maine Revenue Services (MRS): 7

Referred to Child Support Enforcement of DHHS (CSEU): 7

Referred to MaineHousing: 2

Referred to Portland Housing Authority: 1

Referred to Workers' Compensation Commission (WCC): 1

Referred to Department of Labor: 2

Referred to Office of the State Controller: 1

Referred to Adult Protective Services: 1

Referred to Finance Authority of Maine (FAME): 1

MAINE STATE AUDITOR'S FRAUD HOTLINE

What we DO investigate

- illegal acts within state government: theft, fraud, financial conflict of interest
- financial fraud depleting resources or increasing expenditures of the State
- significant abuse of state equipment or property
- clear misuse of state property, programs, or work time for personal gain
- gross misconduct with significant financial effects
- consistent, wasteful conduct with measurable financial implications
- kickbacks or similar acts involving return payments to state workers or vendors

We do NOT investigate

- improper acts by federal officials
- improper acts of local government
- improper acts by private individuals or companies
- personal gripes against state employees about personal matters
- human mistakes of state personnel
- insignificant matters or complaints without sufficient factual basis
- matters handled by other specific state investigation units
- we do not have enforcement power: we are auditors

Agencies receiving referrals:

AG-- Office of the Attorney General

CSEU --Child Support Enforcement Unit

DHHS--Department of Health & Human Services

FIRU--Fraud Investigation Recovery Unit

MRS--Maine Revenue Services

Complaint #80

Nature of Complaint: Complaint alleged mother received Temporary Aid to Needy Families (TANF), Food Stamps (Supplementary Nutrition Assistance Program-- SNAP), MaineCare, and child support while grandparents had custody and financial responsibility per court order.

Agency complained of: None: private fraud alleged.

Potential cost savings: None: receiving agency found no benefits going to mother.

Recommended action: Referred to Fraud Investigation Recovery Unit (FIRU) and Child Support Enforcement Unit (CSEU) of DHHS. Case closed by Maine Department of Audit.

Statement whether substantiated: No.

Complaint #81

Nature of Complaint: Complaint alleged owner paid for six injuries at work and threatened to fire everyone if injuries were reported to worker's compensation commission.

Agency complained of: None: private violation alleged.

Potential cost savings: Not applicable.

Recommended action: Referred to Workers' Compensation Commission (WCC) Abuse Investigation Unit. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by WCC.

Complaint #82

Nature of Complaint: Complaint alleged personal use of State vehicle (Honda Civic hybrid) with canoe and mountain bike strapped on back.

Agency complained of: State of Maine Department of Inland Fish & Wildlife.

Potential cost savings: No abuse found.

Recommended action: Investigation showed employee performing job of bird counts had kayak and bicycle to access water and bike paths. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No. Vehicle use was appropriate to job.

Complaint #83

Nature of Complaint: Complaint alleged seasonal employer did not pay required overtime, paid cash to avoid taxes, and paid spouse of worker on disability to enable continuing fraud.

Agency complained of: None: private fraud alleged.

Determination of potential cost savings: Taxes and benefits might be recovered or ended.

Recommended action: Referred to Department of Labor Bureau of Labor Standards and to Maine Revenue Services (MRS). Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #84

Nature of Complaint: Complaint alleged expensive black BMW with plaque “Maine Government Equipment Manager” was inappropriately provided by State to employee.

Agency complained of: None; vehicle was not provided by the State of Maine.

Determination of potential cost savings: None: no BMWs are owned by State of Maine

Recommended action: Investigation showed no facts supporting complaint. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No.

Complaint #85

Nature of Complaint: Complaint alleged logging truck frequently works overweight.

Agency complained of: None: private violation alleged

Determination of potential cost savings: None: matter is private.

Recommended action: Investigation showed no facts supporting complaint. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No.

Complaint #86

Nature of Complaint: Complaint alleged company does not report all employee earnings by making separate unreported payment of taxes deducted to employees.

Agency complained of: None: matter is private.

Determination of potential cost savings: Taxes might be recovered.

Recommended action: Referred to Maine Revenue Services (MRS) and Maine Department of Labor. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #87

Nature of Complaint: Complaint alleged couple collects public benefits while growing marijuana to sell illegally for income.

Agency complained of: None: private fraud alleged.

Determination of potential cost savings: Improper benefits and taxes may be recovered.

Recommended action: Referred to Attorney General (AG), Fraud Investigation and Recovery Unit (FIRU) of DHHS and Maine Revenue Services. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #88

Nature of Complaint: Complaint alleged person in public housing in Saco or Portland understated hours worked and has unreported income from boyfriend.

Agency complained of: None: private fraud alleged.

Potential cost savings: Improper benefits might be recovered or ended.

Recommended action: Referred to MaineHousing. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MaineHousing.

Complaint #89

Nature of Complaint: Complaint alleged individual defrauded TANF/Aspire, Housing Authority, and Maine Revenue Services by failing to report boyfriend's income for housing, underreporting pay, claiming child tax credit in violation of court order, and continuing to get public assistance for daycare after being fired.

Agency complained of: None: private fraud alleged.

Potential cost savings: Improper benefits might be recovered or ended.

Recommended action: Referred to FIRU, MRS, CSEU of DHHS and Portland Housing Authority. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #90

Nature of Complaint: Complaint alleged company owner defrauded State of Maryland by falsely claiming to have less income and other fraud.

Agency complained of: Not applicable to Maine

Potential cost savings: Not applicable to Maine

Recommended action: Complainant referred to a fraud hotline in State of Maryland. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable to Maine.

Complaint #91

Nature of Complaint: Complaint alleged tenant had unemployment pay but did not pay rent for 5 months, lied about payment from assistance organization, and had eviction postponed by court.

Agency complained of: Not applicable: private matter.

Potential cost savings: Not applicable: matter is private.

Recommended action: None: private matter. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable.

Complaint #92

Nature of Complaint: Complaint alleged variety store took \$30 in food stamp funds and that previous complaints about this store to DHHS have not changed employees allowing food stamp recipients to buy cleaning, paper products, magazines, cigarettes, alcohol and gas.

Agency complained of: Private fraud alleged. Complaint may allege abuse by inaction of DHHS.

Potential cost savings: Improper benefits might be recovered or ended.

Recommended action: Referred to Office of State Controller Internal Audit; FIRU; CSEU of DHHS; AG. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #93

Nature of Complaint: Complaint alleged that loans were given by the Finance Authority of Maine (FAME) to a company that is not paying its debt service and suppliers.

State Agency complained of: A component unit of State Government the Finance Authority of Maine (FAME).

Potential cost savings: To be determined by FAME.

Recommended action: Referred to FAME. Case closed by Maine Department of Audit.

Statement whether substantiated: To be determined by FAME.

Complaint #94

Nature of Complaint: Complaint alleged that nursing home resident was having his mail opened in violation of his rights.

Agency complained of: Not applicable: private matter

Potential cost savings: Not applicable: private matter

Recommended action: Complainant referred to Office of Adult Protective Services. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable: violation of privacy alleged.

Complaint #95

Nature of Complaint: Complaint alleged that Canadian lumber company failed to collect taxes on products sold in Maine.

Agency complained of: Not applicable: private fraud alleged.

Potential cost savings: Uncollected taxes might be recovered.

Recommended action: Referred to Maine Revenue Services. Case Closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MRS.

Complaint #96

Nature of Complaint: Complaint alleged fraud by person getting Temporary Aid to Needy Families (TANF) and fraud regarding child tax credits.

Agency complained of: Not applicable: private actions.

Potential cost savings: Not applicable: private fraud alleged.

Recommended action: Referred to FIRU, CSEU of DHHS, Maine Revenue Services. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #97

Nature of Complaint: Complaint alleged unlawful engagement of auditors by town manager as a civil violation of state law.

State Agency complained of: None: municipality is subject of complaint.

Potential cost savings: Not applicable to State government.

Recommended action: Referred to Attorney General. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by AG.

Complaint #98

Nature of Complaint: Complaint alleged that tenant is claiming to live at another address to collect heat subsidy.

State Agency complained of: None: complaint alleges private fraud by individual.

Potential cost savings: Fraudulent benefits might be recovered or ended.

Recommended action: Complaint referred to MaineHousing, which administers Low Income Heat and Energy Assistance (LIHEAP) programs. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MaineHousing.

Complaint #99

Nature of Complaint: Complaint alleged that email solicitation promised inheritance, then charged more fees, then promised money through an ATM card, then failed to deliver, then asked for more money.

State Agency complained of: Not applicable: private fraud alleged

Determination of potential cost savings: Not applicable.

Recommended action: Complainant referred to District Attorney in Pennsylvania where complainant listed address and phone numbers. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable: private fraud alleged.

Complaint #100

Nature of Complaint: Complaint alleged improper acts and extravagant expenditures by local union official.

Agency complained of: Not applicable: complaint does not involve state government.

Determination of potential cost savings: Not applicable.

Recommended action: Complainant referred to local law enforcement or civil courts. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable.

Complaint #101

Nature of Complaint: Complaint alleged fraud by two town managers, and police chief.

Agency complained of: Not applicable: municipal fraud alleged.

Determination of potential cost savings: Not applicable to state government.

Recommended action: Referred to AG. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by AG.

Complaint #102

Nature of Complaint: Complaint alleged fraud by private individual receiving Temporary Aid to Needy Families (TANF), food stamps (SNAP) and incidents endangering children in her car.

Agency complained of: Not applicable: private actions at issue.

Determination of potential cost savings: Improper benefits might be recovered or ended.

Recommended action: Complaint referred to FIRU and CSEU of DHHS. Complainant referred to DHHS Child Protective Services. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by receiving agencies.

Complaint #103

Nature of Complaint: Complaint alleged improper handling of drug testing specimen.

Agency complained of: Not applicable: complaint involved private medical provider.

Determination of potential cost savings: Not applicable.

Recommended action: Complainant referred to Maine Board of Licensure in Medicine. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable.

Complaint #104

Nature of Complaint: Complaint alleged improper administration of medicine at clinic.

Agency complained of: Not applicable to state government: private acts involved.

Determination of potential cost savings: Not applicable.

Recommended action: Complainant referred to Maine State Board of Nursing. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Not applicable.

Complaint #105

Nature of Complaint: Complaint alleged that employee's workers compensation settlement was owed to the State for child support but insurer had not been notified.

Agency complained of: Not applicable: private matter.

Determination of potential cost savings: Payments were recovered from the settlement.

Recommended action: Referred to CSEU of DHHS. Closed by Maine Department of Audit.

Statement whether complaint is substantiated: No. Payments are being recovered.

Complaint #106

Nature of Complaint: Complaint alleged private tax fraud by individual.

Agency complained of: Not applicable: private fraud alleged.

Determination of potential cost savings: Taxes might be recovered.

Recommended action: Referred to Maine Revenue Services. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MRS.

Complaint #107

Nature of Complaint: Complaint alleged parent had been providing medical insurance but other parent had been receiving MaineCare.

Agency complained of: Not applicable: private matter.

Determination of potential cost savings: MaineCare eligibility might be terminated.

Recommended action: Referred to CSEU of DHHS. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be decided by CSEU of DHHS.