

MAINE STATE LEGISLATURE

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STATE OF MAINE
OFFICE OF THE STATE AUDITOR

66 STATE HOUSE STATION
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

Pola A. Buckley, CPA, CISA
State Auditor

B. Melissa Perkins, CPA
Deputy State Auditor

July 19, 2018

The Honorable Paul R. LePage
Governor, State of Maine

The Honorable Michael D. Thibodeau
President of the Senate

The Honorable Sara Gideon
Speaker, House of Representatives

I am pleased to submit the State Auditor's Fraud Hotline Semiannual Report for the period January 1, 2018 to June 30, 2018.

A summary of the complaints is attached.

Sincerely,

Pola A. Buckley, CPA, CISA
State Auditor



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STATE AUDITOR'S FRAUD HOTLINE

<http://www.maine.gov/audit/fraud/index.html>

June 2018 Semiannual Report

For the Period 1/1/2018 to 6/30/2018

Total number of complaints received	24
Complaint sequence: Complaints No. 407 through No. 430	
Number of referrals made to the Office of the Attorney General	5
Number of complaints investigated by Office of the State Auditor personnel	4
Number of referrals to the Office of Program Evaluation and Government Accountability	None
Complaints about individuals referred to (some to more than one agency):	
Maine Revenue Service	9
Fraud Investigation and Recovery Unit of DHHS	7
Attorney General	5
Department of Labor	4
Division of Support Enforcement and Recovery	3
Secretary of State's office	3
Bureau of Motor Vehicles	3
Center for Disease Control	2
Maine State Housing Authority	1
South Portland Housing Authority	1
Land Use Planning Commission	1
Bureau of Human Resources	1

Types of complaints Office of the State Auditor personnel investigate:

- illegal acts affecting State government such as theft, fraud, and 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 significant financial implications, and
- kickbacks or similar acts involving return payments to State workers or vendors.

Types of complaints Office of the State Auditor personnel do not investigate, but the Office does generally refer these complaints to other State agencies or other government authorities:

- personal conflicts between individuals or domestic or other threats of violence,
- alleged improper acts by federal officials,
- personal gripes against State employees about personal matters,
- mistakes made by State personnel,
- insignificant matters or complaints without sufficient factual basis, and
- matters handled by other specific State investigation units.

The Office of the State Auditor does not have enforcement power. However, we work with governmental entities that do have enforcement power. This includes the Attorney General's Office and the District Attorneys' Offices.

A legend for the abbreviations used in this report appears on page three.

A listing of the complaints received from January 1, 2018 to June 30, 2018 begins on page four of this report.

Agency acronyms used in the report:

AG - Office of the Attorney General

BHR – Bureau of Human Resources

BMV – Bureau of Motor Vehicles (a bureau of the Secretary of State’s offices)

CDC – Center for Disease Control (a division of DHHS)

DAFS - Department of Administrative and Financial Services

DHHS - Department of Health and Human Services

DSER – Division of Support Enforcement and Recovery (a division of DHHS)

DOL – Department of Labor

FIRU - Fraud Investigation Recovery Unit (a division of DHHS)

LUPC – Land Use Planning Commission

MRS - Maine Revenue Services (a division of DAFS)

MSHA - Maine State Housing Authority

OSA - Office of the State Auditor

OSC – Office of the State Controller (a division of DAFS)

SPHA – South Portland Housing Authority

Complaint No.	Nature of Complaint	Agency Complained of:	Potential Impact on Government:	Action taken by the Office of the State Auditor:	Substantiation of Complaint:
407	Complaint alleged employee misuse of position	Bureau of Motor Vehicles	potential discipline of employee	referred to BMV, BHR	to be addressed by BMV, BHR
408	Complaint alleged improper communications regarding benefit overpayment	DHHS	none	referred to DHHS	to be addressed by DHHS
409	Complaint alleged unsafe, inappropriate work conditions	none; private fraud alleged	none	referred to DOL, CDC	to be addressed by DOL, CDC
410	Complaint notified OSA of a Municipal Fraud case	none; municipal fraud alleged	none	sent letter to Complainant, AG, BMV	case is being reviewed for legal action
411	Complaint alleged benefit fraud; Child Support avoidance	none; private fraud alleged	potential inappropriate benefits may be recovered	referred to FIRU, DSER	to be addressed by FIRU, DSER
412	Complaint alleged payroll/tax fraud	none; private fraud alleged	potential unpaid taxes collected	referred to DOL, MRS	to be addressed by DOL, MRS
413	Complaint alleged payroll/tax fraud	none; private fraud alleged	potential unpaid taxes collected	referred to DOL, MRS,	to be addressed by DOL, MRS
414	Complaint alleged fraudulent marijuana cultivation	none; private fraud alleged	potential unpaid taxes collected	referred to CDC, MRS	to be addressed by CDC, MRS

Complaint No.	Nature of Complaint	Agency Complained of:	Potential Impact on Government:	Action taken by the Office of the State Auditor:	Substantiation of Complaint:
415	Complaint alleged fraudulent municipal taxation	Town of Van Buren	none	reviewed and researched town policies	sent letter to complainant
416	Complaint alleged unlicensed child care facility operation	none; private fraud alleged	potential unpaid license fees, taxes to be recovered	referred to DHHS, MRS	to be addressed by DHHS, MRS
417	Complaint alleged improper billing process	none; private fraud alleged	none	referred to AG	to be addressed by AG
418	Complaint alleged benefit fraud	none; private fraud alleged	potential inappropriate benefits may be recovered	referred to DHHS	to be addressed by DHHS
419	Complaint alleged benefit fraud	none; private fraud alleged	potential inappropriate benefits may be recovered	referred to DHHS, MRS, SPHA, DSER	to be addressed by DHHS, MRS, SPHA, DSER
420	Complaint alleged residence fraud to evade taxes	none; private fraud alleged	potential recovery of unpaid taxes	referred to MRS	to be addressed by MRS
421	Complaint alleged inappropriate payroll practices	none; private fraud alleged	none	referred to DOL, MRS	to be addressed by DOL, MRS
422	Complaint alleged benefit fraud	none; private fraud alleged	potential inappropriate benefits may be recovered	referred to MSHA	to be addressed by MSHA
423	Complaint alleged phone scam	none; private fraud alleged	none	referred to AG	to be addressed by AG

Complaint No.	Nature of Complaint	Agency Complained of:	Potential Impact on Government:	Action taken by the Office of the State Auditor:	Substantiation of Complaint:
424	complaint alleged deliberate actions to evade paying Child Support obligation	none; private fraud alleged	none	referred to DSER	to be addressed by DSER
425	Complaint alleged benefit fraud	none; private fraud alleged	potential inappropriate benefits may be recovered	referred to DHHS	to be addressed by DHHS
426	Complaint alleged improper international tax request	Office of the Governor	none	referred to AG	to be addressed by AG
427	Complaint alleged tax and BMV fraud	none; private fraud alleged	none	referred to BMV, MRS	to be addressed by BMV, MRS
428	Complaint alleged lack of timely action by a State Agency	Maine Revenue Service	Proper taxation of products	Action was taken by the Agency prior to auditor review	MRS addressed the concern of the complaint
429	Complaint alleged improper behaviors by the local Planning office	town agency fraud alleged	none	Referred to AG, LUPC	To be determined by AG, LUPC
430	Complaint alleged improper management of a State entity	withheld to protect the complainant	Proper management could potentially save funding, better serve the purpose of the State entity	Being researched and addressed discreetly by OSA	Being addressed by OSA