

MAINE STATE LEGISLATURE

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STATE OF MAINE
OFFICE OF THE STATE AUDITOR

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July 14, 2016

Honorable Paul R. LePage
Governor of the State of Maine

Honorable Michael D. Thibodeau
President of the Senate

Honorable Mark W. Eves
Speaker of the House

I am pleased to submit the State Auditor's Fraud Hotline Semiannual Report for the period January 1, 2016 to June 30, 2016.

A summary of the complaints is attached.

Sincerely,

Pola A. Buckley, CPA, CISA
State Auditor

STATE AUDITOR'S FRAUD HOTLINE

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

June 2016 Semiannual Report

For the Period 1/1/2016 to 6/30/2016

| | |
|---|------|
| Total number of complaints received | 11 |
| Complaint sequence: Complaints No. 338 through No. 348 | |
| Number of referrals made to the Office of the Attorney General | 3 |
| Number of complaints investigated by Office of the State Auditor personnel | 2 |
| Number of referrals to the Office of Program Evaluation and Government Accountability | None |
| Complaints about individuals referred to (some to more than one agency): | |
| Department of Labor (DOL) | 2 |
| Fraud Investigation and Recovery Unit of DHHS (FIRU) | 3 |
| Maine State Housing Authority (MSHA) | 1 |
| Maine Revenue Service (MRS) | 3 |

A listing of the complaints received from January 1, 2016 to June 30, 2016 begins on page four of this report.

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

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.

Agency acronyms used in the report:

AG - Office of the Attorney General

DAFS - Department of Administrative and Financial Services

DOL - Department of Labor

DHHS - Department of Health and Human Services

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

MRS - Maine Revenue Services (a division of DAFS)

MSHA - Maine State Housing Authority

| Complaint No. | Nature of Complaint | State Agency Complained of: | Potential Impact on Government: | Action taken by the Office of the State Auditor: | Substantiation of Complaint: |
|----------------------|---|-------------------------------------|---|---|--|
| 338 | Complaint alleges fraudulent management of a non-profit organization | None; private fraud alleged | none | Investigation being conducted | To be determined after conclusion of ongoing investigation |
| 339 | Complaint alleges benefit fraud | None; private fraud alleged | Potential inappropriate benefits may be recovered | Referred to FIRU | To be addressed by FIRU |
| 340 | Complaint alleges fraudulent use of State resources | Maine DOT | Potential discontinuation of any fraudulent usage | Referred to AG | To be addressed by AG |
| 341 | Complaint alleges private employer fraudulently withheld income taxes | None; private fraud alleged | Potential collection of withheld tax funds | Referred to MRS, DOL | To be addressed by MRS, DOL |
| 342 | Complaint alleges benefit fraud | None; private fraud alleged | Potential inappropriate benefits may be recovered | Referred to FIRU | To be addressed by FIRU |
| 343 | Complaint alleges a mail fraud scam | None; private fraud alleged | none | Referred to AG | To be addressed by AG |
| 344 | Complaint alleges a phone scam | None; private fraud alleged | none | Referred to AG | To be addressed by AG |
| 345 | Complaint alleges fraudulent town management | none; town management fraud alleged | none | Being reviewed | To be determined after conclusion of ongoing review |

| Complaint No. | Nature of Complaint | State Agency Complained of: | Potential Impact on Government: | Action taken by the Office of the State Auditor: | Substantiation of Complaint: |
|----------------------------------|--|-----------------------------|---|--|-------------------------------|
| <i>Continued on next page...</i> | | | | | |
| 346 | Complaint alleges tax fraud; housing code problems | None; private fraud alleged | Potential collection of tax funds | Referred to MRS, MSHA | To be determined by MRS, MSHA |
| 347 | Complaint alleges tax fraud | None; private fraud alleged | none | Referred to MRS, DOL | To be determined by MRS, DOL |
| 348 | Complaint alleges benefit Fraud | None; private fraud alleged | Potential inappropriate benefits may be recovered | Referred to FIRU | To be addressed by FIRU |