



Department of Legislative Services
Office of Legislative Audits

Fraud Hotline Activity

OLA Results from Pursuing Allegations

Presentation to
Maryland General Assembly
Joint Audit Committee

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January 22, 2019



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Hotline History

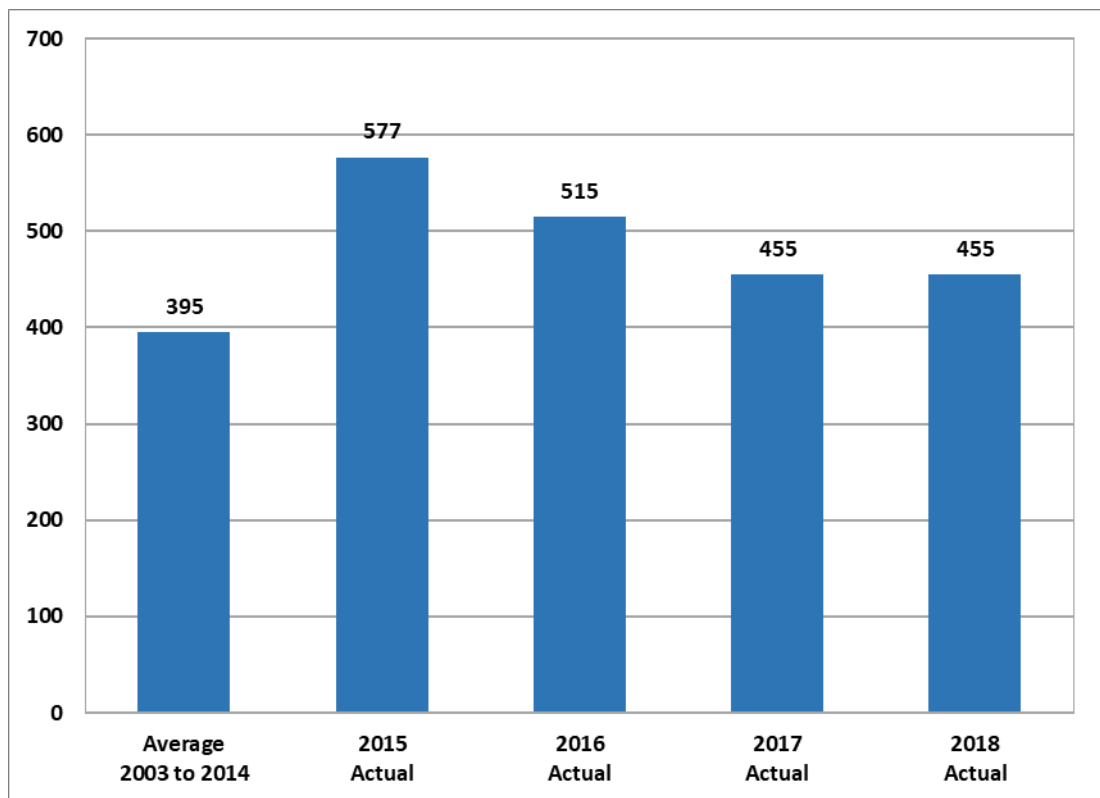
- August 2002 – JAC instructed OLA to implement a hotline and web referral process for the reporting of allegations of fraud, waste, and abuse in State government operations.
- February 2003 – OLA's hotline and web referral process were launched with an expected call volume of 200 calls per year.
- Actual annual call volume has consistently exceeded expectations.



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Hotline Activity

Call Volume (Calendar Year Basis)



The spike in CY 2015 related to increase in public assistance benefit fraud allegations, which are usually referred to the administering agencies.



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Hotline Marketing

OLA's hotline and web referral process are marketed through a variety of methods:

- Fraud Posters in State Offices
- Biennial message on State employee payroll notices
- Annual email reminder to State employees



What kind of issues should be reported?

- FRAUD
- MISUSE OR ABUSE OF STATE RESOURCES
- THEFT
- POTENTIAL CONFLICTS OF INTEREST
- CORRUPTION
- SIGNIFICANT VIOLATIONS OF LAWS AND REGULATIONS
- VENDOR KICKBACKS

Available 24 hours a day,
7 days a week.

Call Toll Free 877-FRAUD-11
(877-372-8311)

or report fraud at
our website www.ola.state.md.us
(Click on Stop Fraud)

Information received
is considered confidential.
You can remain anonymous.



Maryland General Assembly
Department of Legislative Services
Office of Legislative Audits
301 West Preston Street - Room 1202
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Hotline Operations

- Allegations are received by phone, web referral, mail, and from OLA auditors in the field.
- Callers are informed that the information provided is considered confidential, and are provided with information about the State's "whistleblower" laws if reassurance is needed.
- Audit professionals (certified fraud examiners) handle calls during business hours in accordance with established procedures.
- All allegations are assessed for credibility, and due diligence is performed before field investigations are initiated.
- Allegations are investigated by OLA, referred to applicable State agencies, or not pursued.



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Hotline Allegation Disposition

Hotline Allegation Disposition (February 2003 through December 2018)

Investigations Completed by OLA or in Process	17%
Referred to State Agencies*	61%
Not Pursued	22%

* Approximately 43% of allegations we referred to State agencies were related to Department of Human Services benefits.



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Investigations Completed by OLA

OLA will highlight findings from two recent special reviews of hotline allegations (please refer to related handouts):

- **Department of Human Services – Baltimore City
Department of Social Services - Allegation
Related to Possible Violations of State
Procurement Regulations and Certain Payments
Made to a Nonprofit Organization (Report Dated
July 11, 2018)**

- **Maryland Department of Transportation –
Maryland Transit Administration - Allegations
Related to Possible Violations of State Laws,
Regulations, and Policies Involving an MTA
Management Employee (Report Dated January
7, 2019)**



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Investigations Completed by OLA

In addition to conducting special reviews, OLA investigates some hotline allegations in conjunction with its fiscal compliance audits. During calendar year 2018, these efforts resulted in the identification of significant violations of State laws, regulations, and policies.

- Contracts were used to obtain services outside their scope, lacked detailed deliverables, and contained excessive rate increases.
 - Interagency agreements were improperly used to augment staffing levels and avoid competitive procurement processes.
 - Corporate purchasing cards were not used in accordance with State regulations.
 - Potential violations of State ethics laws were identified for possible referral to the State Ethics Commission.
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Referrals to State Agencies

Callers who report allegations that would be more appropriately handled by other agencies are referred to the applicable agencies for assistance. Examples of these referrals include:

- Welfare Benefits – *Department of Human Services, Office of the Inspector General*
- Medicaid Benefits – *Maryland Department of Health, Office of the Inspector General*
- Identity Theft – *Office of the Attorney General, Identity Theft Unit*
- Unemployment Insurance – *Department of Labor, Licensing and Regulation*



Conclusion

Efforts Devoted to OLA's Hotline Have Been Worthwhile

- Significant efforts continue to be made to build awareness of the hotline.
- Hotline activity has continued to exceed initial expectations.
- OLA continues to identify and report on significant findings, in both fiscal compliance audit reports and reports of special reviews, based on hotline allegations.