



Department of Legislative Services
Office of Legislative Audits

Special Investigation Unit Update and Results

Presentation to Joint Audit and Evaluation Committee

Brian S. Tanen, CPA , CFE
Joshua S. Adler, CPA, CFE

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Special Investigation Unit - History

- **2002** – The Joint Audit Committee instructed OLA to implement a hotline and web referral process for the reporting of allegations of fraud, waste, and abuse in State government operations.
- **2003** – OLA's hotline and web referral process were launched with an expected call volume of 200 calls per year but as noted on page 6, actual call volume has consistently exceeded expectations.
- **2016** – OLA dedicates a second employee to the hotline.
- **2020** – OLA establishes the Fraud Investigation Unit.
- **2024** – OLA changes the name to the Special Investigation Unit (SIU).



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Special Investigation Unit (SIU) – Responsibilities

SIU operations include both administrative and investigative activities as depicted in the following tables.

Administrative Operations
Fraud Hotline Administration <ul style="list-style-type: none">• Call Intake• Initial Research, Assessment, & Recommended Actions• Allegation Referrals
Allegation Due Diligence <ul style="list-style-type: none">• Research• Validity & Risk Assessment• Recommended Actions• Approach Development
Outreach & Education <ul style="list-style-type: none">• Agency Outreach• Training & Development• Presentations

Investigative Operations
Audit Support <ul style="list-style-type: none">• Allegation Approach Development• Procedural & Testing Guidance• Finding Development• Vendor & Employee Research• Transaction Analyses• Specialized Reports
Special Investigations <ul style="list-style-type: none">• Planning & Conducting Investigations• Referrals to Prosecutorial Agencies
Fraud Brainstorming & Risk Assessment <ul style="list-style-type: none">• Brainstorming• Allegation Risk Assessment• Assessment of High-Risk Areas



SIU Administrative Operations - Hotline Administration

- 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.
- Investigative auditors (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 1) investigated by OLA – either as part of a regularly scheduled audit or as a special audit, 2) referred to applicable State agencies, or 3) not pursued.



SIU Administrative Operations - 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:

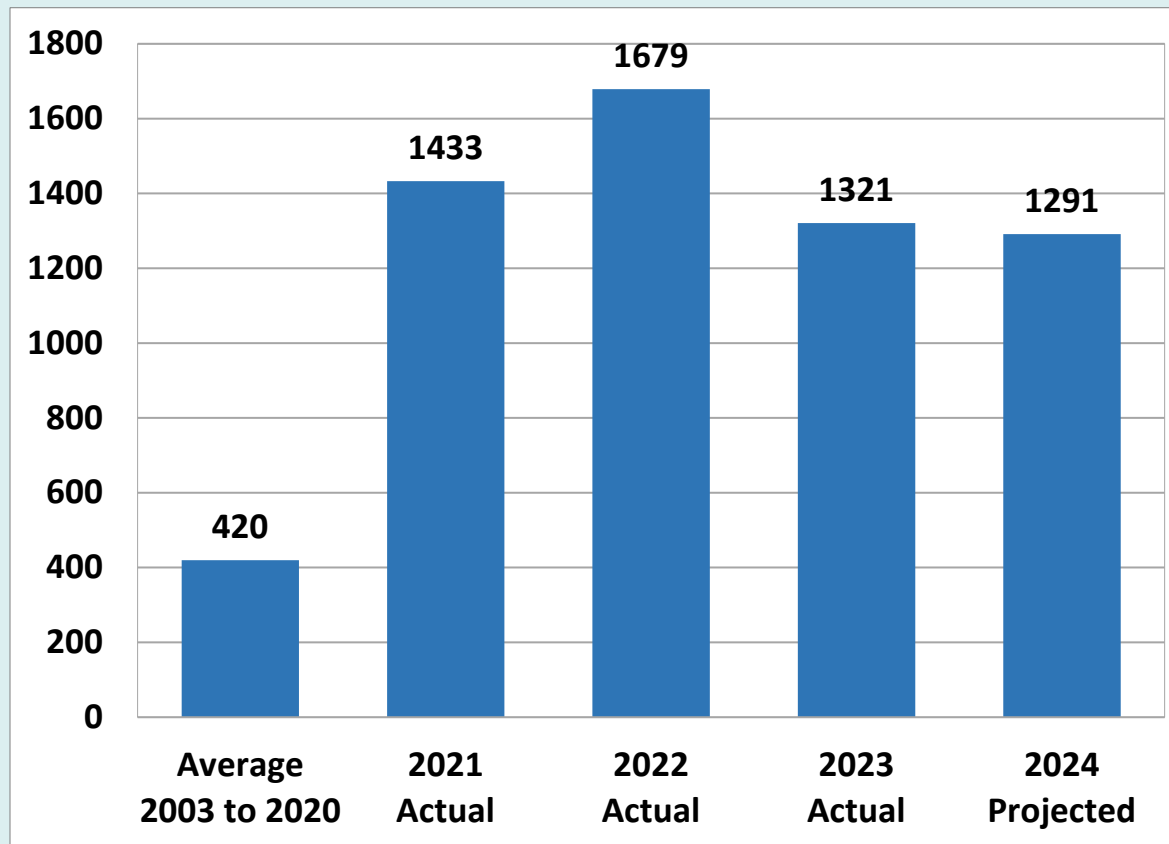
- Unemployment Insurance – *Maryland Department of Labor*
- Welfare Benefits – *Department of Human Services, Office of the Inspector General*
- Medicaid Benefits – *Maryland Office of the Inspector General for Health*
- Identify Theft – *Office of the Attorney General, Identify Theft Unit*
- Income Tax – *Comptroller of Maryland, Compliance Division*



SIU Administrative Operations - Hotline Statistics

Call Volume

(Calendar Year Basis)



Allegation Disposition

(February 2003 through October 2021)

Investigations Completed by OLA or in Process	13%
Referred to State Agencies (31% were related to Department of Human Services benefits.)	68%
Not Pursued	19%



SIU Administrative Operations - Hotline Awareness

The SIU promotes OLA's hotline by displaying fraud posters in State offices, posting information on LinkedIn, distributing information to vendors on eMaryland Marketplace, and sending periodic emails about OLA's hotline to State employees.

Chapter 225 of the Acts of 2021 required that each unit of State government:

- Display OLA's fraud hotline posters in their buildings,
- Post a link to OLA's fraud hotline website on their websites, and
- At the request of OLA, distribute information regarding fraud to their employees.

STOP FRAUD
IN STATE GOVERNMENT

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



SIU Investigative Operations – Results of Investigations

The results of investigations may be included in OLA's fiscal compliance audit reports or in separate special review reports. Examples from the past 12 months include:

- **Maryland Commission on Civil Rights (MCCR)** – Review of corporate purchasing card activity identified questionable transactions on cards assigned to individuals no longer employed at MCCR. (Report Dated October 30, 2024)
- **Department of Information Technology (DoIT)** – Allegations related to inadequate support for labor charges billed under the network Maryland contract. (Report Dated March 29, 2024)
- **Maryland Department of Transportation – Maryland Aviation Administration (MAA)** – Allegations related to concerns with MAA's procurement and subsequent modification of a convenience stores contract. (Report Dated March 6, 2024)



SIU Investigative Operations – Audit Support

The SIU provided support on approximately 75 other OLA audits. This support included activities such as:

- Participation in fraud brainstorming sessions to identify high-risk areas and develop an approach to address the risks.
- The development of audit procedures to address allegations and related risks.
- Preparation of electronic data matches to identify high-risk transactions.
- Analyses of agency transactions and documents to identify indicators of fraud and noncompliance with laws and regulations.
- Comprehensive research into individuals and companies referenced in allegations.



Conclusion

The SIU's efforts will continue to evolve and expand to help prevent and detect fraud and abuse in State government.

- Significant efforts continue to be made to build awareness of the hotline.
- Hotline activity has continued to exceed initial expectations. Investigative auditors provide a high level of customer service to the hundreds of hotline callers.
- OLA continues to identify and report on significant findings, in both fiscal compliance audit reports and special review reports, based on hotline allegations.
- SIU future plans include:
 - Processes for the proactive detection of fraudulent transactions
 - Expanded support for ongoing audit efforts
 - Additional initiatives to promote fraud awareness in State government