

Forensic Fraud Examiner – Division of Internal Audits

This is to request to refill the Forensic Fraud Examiner position in the Office of Management & Technology Services' Division of Internal Audits that will be vacant on April 1, 2017 when Danny M. Johnson (employee # 441224) retires from State service.

1. Is the position absolutely necessary? I.e., related to any of the following:
 - Public health or safety;
 - To gain or sustain revenue which is greater than the cost of the position; or
 - Compliance with state statute, federal law or regulation or court order.

If any of these apply, briefly describe the requirements and why the position is needed.

A critical task being performed by the Internal Audit's Accounting Manager is that of being the Department's Integrity Monitor. The Forensic Fraud Examiner has an intricate role in assisting Internal Audit's Accounting Manager in performing those tasks associated with integrity monitoring. Federal Transit Administration (FTA) requires that any recipient of over \$100 million in Disaster Relief Appropriations Act Funds requires the use of Integrity Oversight Monitoring in connection with Superstorm Sandy long-term recovery and resilience efforts. As a recipient of over \$100 million in FTA funding, the Department's Internal Audit function was approved by FTA to provide independent oversight of the Agency's design, construction, and administration functions and activities related to both projects. In providing this oversight, the Internal Audit function uses a combination of staff and as needed employs and uses Integrity Oversight Monitor consulting services to comply with the FTA's grant obligations.

The Integrity Monitor (Accounting Manager with the assistance of the Forensic Fraud Examiner) is responsible for complying with FTA aforementioned requirement by developing and implementing a program that through active monitoring, risk assessments, and audits, will detect, prevent, and deter potential criminal activity and fraud, waste, and abuse in the implementation of Sandy recovery activities funded by monies that the Department has received, or will receive, from the FTA.

As stipulated by the FTA in the federal regulations, the following are the components of effective oversight of these funds:

- *Review of internal processes for susceptibility to fraud, corruption and cost abuse and implementation of policies to correct any deficiencies identified.*
- *Forensic reviews of payment requisitions and supporting documentation, payments, change orders, and review for indications of bid-rigging and overcharging.*
- *Investigative services to include project and business site visits including periodic, unannounced headcounts of workers to detect and deter the practice of no-show jobs.*

- *Attendance at scope reviews, meetings with prospective contractors and vendors and bid openings to ensure procurements are conducted in accordance with the Department's rules and regulations and that a "level playing field" is maintained for all involved.*

This position is important in the Division of Internal Audits' overall ability to react to essential requests from management and at the same time provide the necessary level of service expected.

2. How and when did the position become vacant?

April 1, 2017 Retirement of Dan Johnson

3. Description of the duties to be performed by the requested position (do not restate the job duties included in the DAS class specification; instead, provide specific duties associated with the position proposed for refill);

How have the duties been covered since the vacancy occurred? *Not applicable*

Why can't coverage continue in this manner?

Can the duties of the position be covered in some other manner or deferred until after this fiscal year?

Mr. Johnson performs investigations of whistle blower complaints from DOT officials, employees and the general public to determine whether the allegations of wrongdoing are valid. Types of investigations include, but not limited to the submission of false claims, collusion, bribe solicitation, theft of goods and services, etc. Refer investigations to law enforcement agencies and the United States Attorney's Office if the evidence supports the allegations of criminal wrongdoing. Serve as a member of federal grand jury investigative teams along with special agents from the Federal Bureau of Investigation (FBI), Office of the Inspector General (OIG) the Internal Revenue Service (IRS), and prosecutors from the US Attorney's Office.

The following are the duties and responsibilities currently being performed by Mr. Johnson:

- *Identifying source documents obtained under subpoena or seized through search warrant from CTDOT employees and other individuals doing business with CTDOT that are needed to further pursue the investigation; maintain custody and strictest confidentiality of subpoenaed or seized documents.*
- *Conducting reviews of audit reports prepared by the IPA for possible irregularities by identifying sudden shifts in cost categories between fiscal years and large unusual adjusting entries that affect State and federal monetary participation.*
- *Reviewing personal financial records for unusual payments or unusual receipt of funds.*

- *Analyzing the flow of documents through the accounting system to determine who had access to the document, the opportunity to manipulate the document, and the monetary effect of the manipulated document.*
 - *Developing lists of potential witnesses and possible targets to be interviewed by the Federal government investigators; attend and participate in witness and target interviews conducted by special agents and provide areas of inquiry, technical assistance, and evidential documents. Attend and participate in proffer hearings conducted by prosecutors by providing technical expertise, areas of inquiry, exhibits of deviations from acceptable accounting standards and practices, identifying deviation of testimony. Testify in DOT administrative labor relations grievance hearings.*
 - *Providing financial technical assistance to the special agents and prosecutors by describing complex reimbursement regulations, methods, and limitations governing the construction engineering industry, such as schemes to defraud the State and federal governments by identifying differences between allowable accounting methods and practices and those utilized. Providing examples of source documents to prosecutors detailing how and why the document was manipulated and who had the opportunity to manipulate the document in an effort to piece together the scheme to defraud the State and federal governments.*
 - *Preparing exhibits for prosecutors detailing how and by whom the fraud scheme was conducted and the monetary effect to the State and federal governments.*
 - *Preparing loss calculation schedules for prosecutors detailing the financial loss to the State and federal governments as a result of the fraudulent scheme, which serves as the basis for determining restitution, penalties, and sentencing.*
 - *Presenting investigative documentation to defense attorneys and support staff, which may include private investigators and accountants engaged to support the defense, describing how the fraud was committed and how the monetary effects were computed.*
4. What is the impact of NOT filling the position? Please be very specific and include statistical or quantitative arguments wherever possible. Is it more cost effective to fill the position than to provide coverage by some other means? Include the cost of providing fringe benefits when determining cost effectiveness.
 5. Has this vacancy impacted overtime requirements? If so, how? How will the requested refill impact overtime requirements?

Overtime is not a consideration for this position. A primary element of this position is to identify and evaluate source documents created or retained by CTDOT employees and/or other individuals doing business with CTDOT that are needed to further pursue an investigation or integrity monitoring of design/construction projects. Access to CTDOT employees and/or other individuals doing business with CTDOT during normal working hours has been the working requirement of this position, there has not been a need for any reoccurring overtime requirement.

6. Funding source for the position (include detail regarding split- or percentage-based allocations among various funding sources if applicable) will the agency have the funds, after holdbacks and allotment reductions, to cover the position through the end of this fiscal year? Is funding available through this fiscal year and does filling the position obligate state funds in any manner?

The Forensic Fraud Examiner position in the Division of Internal Audits has been a fulltime position budgeted and funded within CTDOT's operating budget. However, with FTA's grant obligation integrity monitoring requirements has resulted in 80% of the Forensic Fraud Examiner's time has been charged to federally reimbursable projects. The Forensic Fraud Examiner's time will continue to be federally reimbursable for at least the next 4 fiscal years.