



OFFICE OF INSPECTOR GENERAL

Contract Crime and Ethical Conduct Awareness: A Proactive Approach

ETHICS IN ITS

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Overview

Why We're Involved

The Basics

The Rules

Examples

Why Be Concerned

What You Can Do



Organizational Structure



Investigations Section Mission

The mission of the Investigations Section is to deter, detect, and investigate internal and external crimes or misconduct impacting the Florida Department of Transportation.

The slide features a blue background with a yellow and white wave at the bottom. It contains the title 'Investigations Section Mission' and a paragraph describing the mission. A logo for the Florida Department of Transportation is in the bottom left, and a 'Why We're Involved' button is in the bottom right.

FDOT Fraud Policy

Any attempt will be aggressively pursued

OIG is conduit for outside liaison

Violators will be treated equally

Employees must cooperate



The Basics

Fraud is...



a
deceitful
practice

results
in an
injury

always
intentional

**always
includes
a lie**



The Basics

Common Myths

- *Most people will not commit fraud*
- *Fraud is not material*
- *Fraud is usually well concealed*
- *We can't do better at detecting fraud*
- *Prosecution deters others*



The Basics

Ethics is...

...a code of values which guides our choices and actions and determines the purpose and course of our lives.

Michael Josephson
derived from Ayn Rand



The Basics

ETHICS IN ITS

- Aspects of the State's ITS program may lead to ethical problems
- FDOT program managers must be aware of these aspects
- Best practices should be developed to ensure that ethical standards are maintained



The Basics

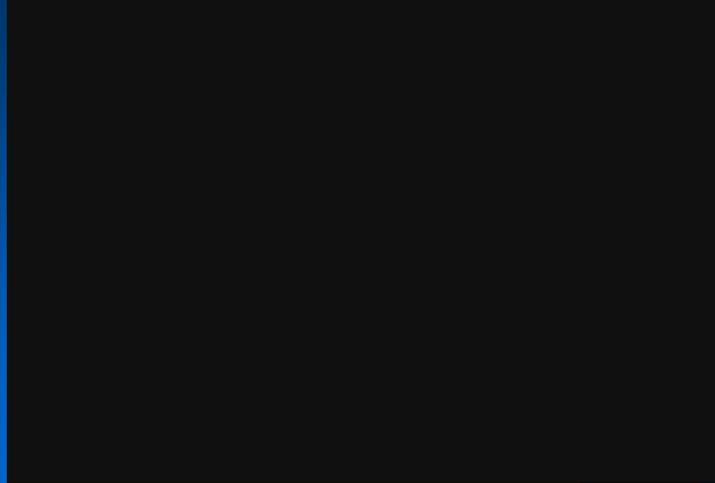
POTENTIAL PROGRAM PITFALLS

- \$ allocated to programs
- Emphasis on accelerating program deployment
- Reliance on consultants/vendors
- Exposure to consultants/vendors/contractors at sanctioned events
- Extensive networking among consultants/vendors/contractors
- "One stop shopping" mentality
- Consultants/contractors managing each other



The Basics

Ethical Conduct? You Decide



FRAUDS AND ETHICAL MISCONDUCTS

- Acceptance of Gratuities
- Conflicts of Interest
- Official Misconduct
- Unlawful Compensation
- Conspiracy
- False Statements
- Money Laundering
- Bribery
- Theft
- Mail Fraud
- Organized scheme to Defraud



The Basics

Conduct of employees

DMS rules (Chapter 60L-36) govern the conduct of employees in the State Personnel System

60L-36.002 - Political activities

60L-36.003 – Relationships with Regulated Entities

60L-36.004 – Sexual Harassment

60L-36.005 – Disciplinary Standards



The Rules

Conduct of Employees

“Relationships between employees and regulated entities give rise to the potential for conflicts of interest.”

60L-36.003 (1)



The Rules

Conduct of Employees



If an employee receives from a regulated entity, on his or her own behalf or on behalf of another, a gift the value of which is \$25 or more, the employee shall notify the agency in writing within five days.

No employee shall accept any gift based upon an understanding that the official acts or judgment of the employee will be influenced thereby.

60L-36.003 (3)



The Rules

Conduct of Employees

- Employees shall maintain high standards of honesty, integrity, and impartiality.
- Employees shall place the interests of the public ahead of personal interests.
- Employees shall not use, or attempt to use, their official position for personal gain or confidential information for personal advantage.

60L36.005 (f) 2



The Rules

What is a gift?

- Food or beverage
- Membership dues
- Entrance fees, admission fees, tickets to events, Plants, flowers, or floral arrangements
- Personal services for which a fee is normally charged
- Real Property and the use of real property
- Transportation

s. 112.312, F.S.



The Rules

Conduct of PEs

NPSE Code of Ethics:

Fundamental Canons

[Engineers shall] conduct themselves honorably, responsibly, ethically, and lawfully so as to enhance the honor, reputation, and usefulness of the profession.



The Rules

The Helpful Contractor



Conflict of Interest

District Secretary asked IG to look into FDOT rumors that a Project Manager:

- Used his official position to help his wife's public relations firm.
- Used his official position to have contractors or consultants work on his residence.
- Used his official position to hire a family member.
- Received gifts or gratuities from contractors or consultants doing business with FDOT.



Examples

Conflict of Interest

Investigation disclosed:

- The Project Manager did NOT use his official position to have contractors or consultants work on his residence
- The Project Manager did NOT use his official position to hire a family member.
- The Project Manager DID receive gifts and gratuities from contractors and consultants which included football tickets, meals and beverages.



Examples

Conflict of Interest

Investigation also disclosed:

- No contractor or consultant admitted being pressured to do business with the wife's public relations firm.
- Prime consultant testified he had been asked to hire other subs or consultants for work when he already had qualified subs/consultants to do the job.
- Wife's first 2 years of revenue came solely from FDOT subs and consultants.
- Timeline of hiring events depicted a direct correlation between when the subs/consultants were hired for FDOT and them later becoming clients of the wife's firm.



Examples

Conflict of Interest

Results of Investigation:

- Project Manager repaid \$287 for the gifts and gratuities he received.
- Project Manger was reprimanded and reassigned within the District. (Refused reassignment and was later terminated.)



Examples

Conflict of Interest

An unsuccessful towing contractor alleged:

- FDOT employee (contract) lied under oath in her bid protest regarding socializing with the contractor who eventually won the towing contract.



Examples

Conflict of Interest

Interviews were conducted and records reviewed revealed:

- The FDOT contract employee was a member of the Technical Review Committee for the Request for Proposal.
- FDOT contract employee was seen at an adult entertainment club socializing with the contractor prior to the award.
- Hearing transcript disclosed FDOT contract employee denied socializing.



Examples

Conflict of Interest

Interview with FDOT contract employee when confronted admitted:

- He had lied in a previous OIG investigation regarding his socializing with the contractor.
- He had lied under oath during the bid protest hearing regarding his socializing with the contractor.



Examples

Conflict of Interest

Results of Investigation:

- Complainant petitioned for new RFP and TRC due to substantiation of claims.
- 9 year FDOT contract employee was terminated.



Examples

Acceptance of Gifts

Anonymous complainant alleged:

- FDOT District-level senior manager was accepting gifts from consultants who he regulated
 - Meals and drinks, and
 - Tickets to professional sporting events
- The manager strongly denied all allegations



Examples

Acceptance of Gifts

Interviews with consultants were conducted, afterward:

- Manager admitted to receiving over 100 meals from consultants, and
- Accepting tickets to professional sporting events (one set valued at \$200), and
- Indoctrinating subordinates into these unacceptable practices



Examples

Acceptance of Gifts

Results:

- Manager (23 year FDOT employee) resigned in lieu of termination
- Subordinate removed from the PE trainee program, reprimanded, and reassigned within the District



Examples

It's our loss

6%

**of an organizations assets
are lost to fraud¹**

What does that mean for FDOT?

- FY 05/06 budget = \$6.6 billion
- How much could we lose?

\$396 million!



¹ Association of Certified Fraud Examiners

The Value of Deterrence

**What are the real costs of detection,
investigation and discipline?**

- Cost of travel and time to investigate?
- Cost of management's time to administer discipline?
- Or is it the cost of replacing the long-term learning (knowledge, skills and abilities) acquired during a 10, 15 or 20 year career?



Why Be Concerned

Why Should I Care?

- Laws
- Agency Policies
- Legislative Oversight
- Future Projects
- Ethics and Values
- Public Trust



Why Be Concerned

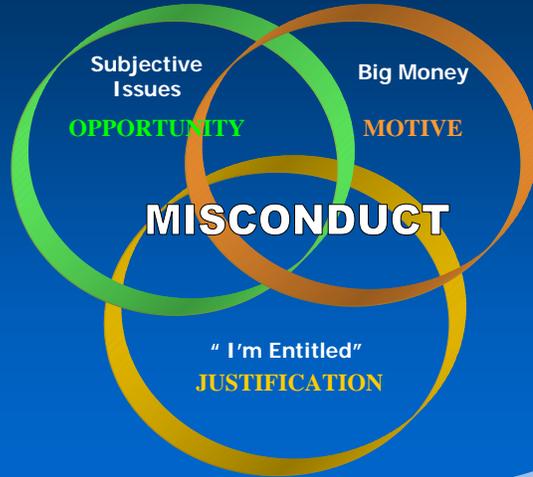
What Can I Do?



FDOT



Where's the Risk?



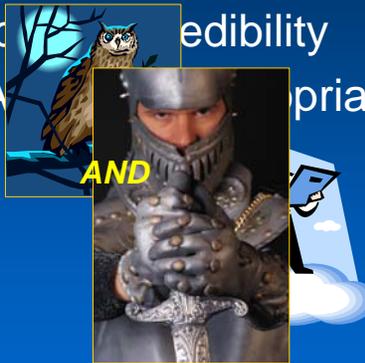
What You Can Do

Steps you can take....

Increase your awareness

Protect your credibility

Act appropriately



Report



What You Can Do

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- Highway Safety & MV
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- Office of Financial Regulation
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- Persons with Disabilities
- Public Service Comm.
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- Workforce Innovation

Other Governmental Entities and Postsecondary Education

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Transportation

Denver Stutler, Secretary of Transportation

Our Mission
 The department will provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities

Our Vision
 The people of DOT...dedicated to making travel in Florida safer and more efficient.

Our Values
Integrity
 We are committed to honesty, loyalty and a high standard of ethical conduct.
Excellence
 We achieve performance excellence through hard work, innovation, creativity and prudent risk taking
Respect
 We value diversity, talent and ideas. We believe every individual should contribute and have the opportunity to be heard.
Teamwork
 We accomplish our goals by working together and relying on each other.

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Website: <http://www.dot.state.fl.us>

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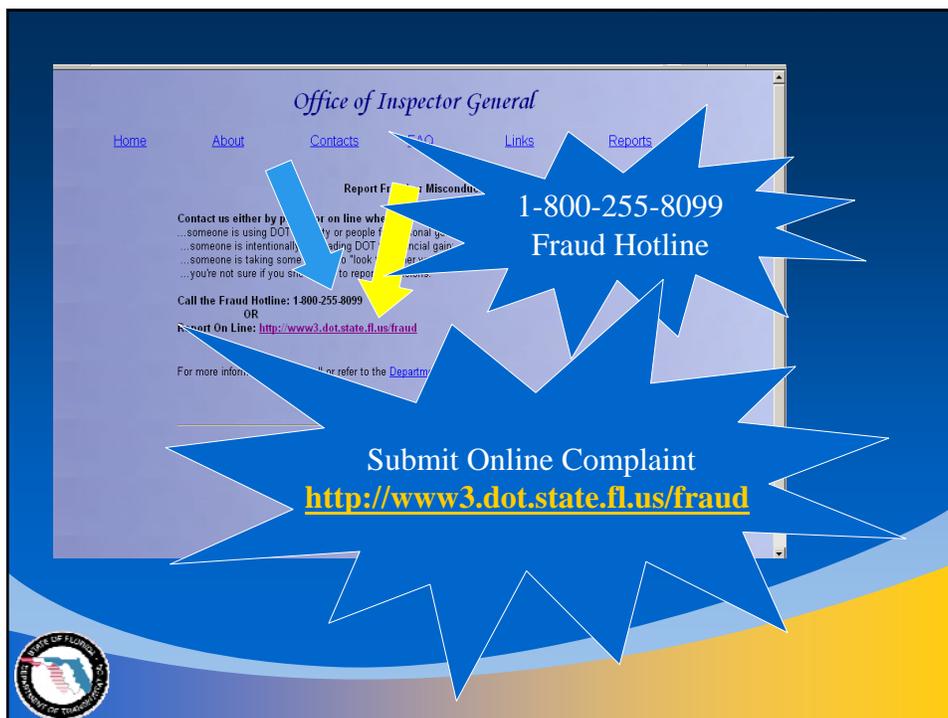
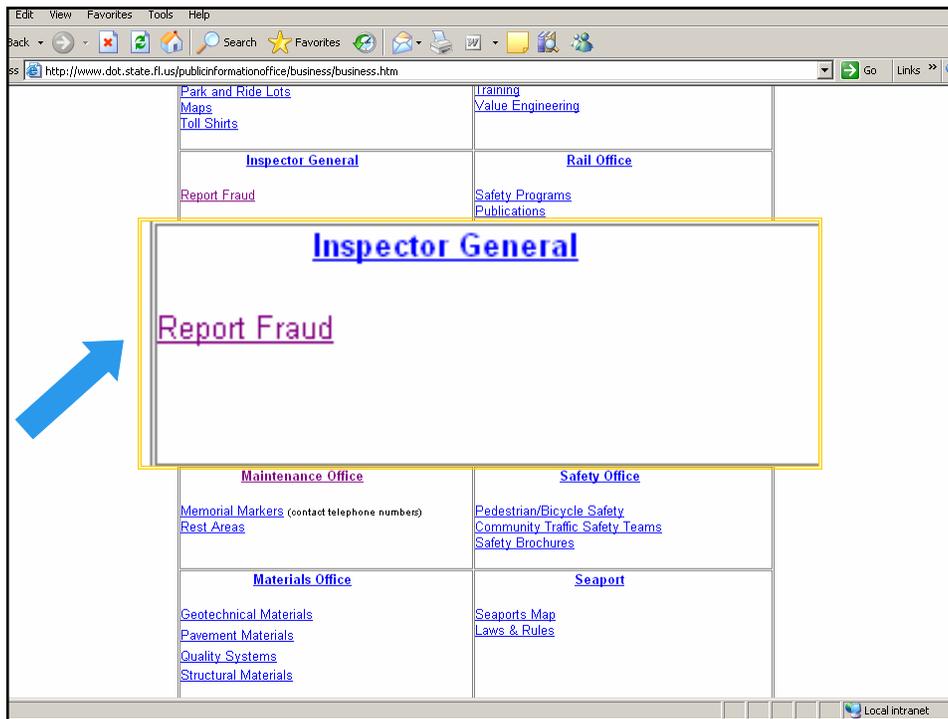


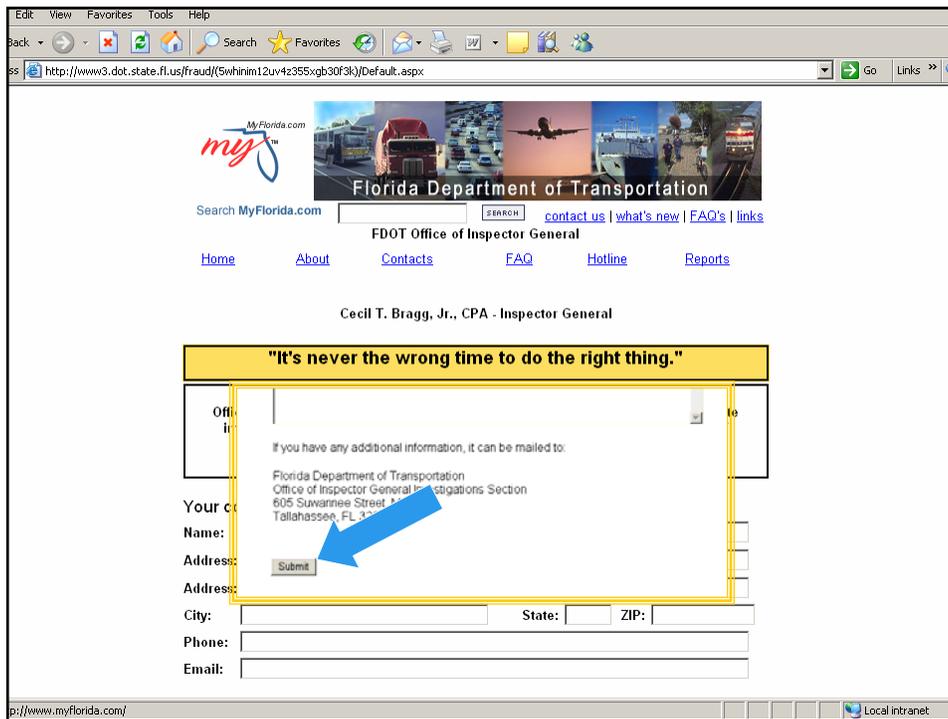
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Conclusion

Why We're Involved

The Basics

The Rules

Examples

Why Be Concerned

What You Can Do



Questions?

OIG's Fraud Hotline
1-800-255-8099



Report Fraud on the Web



<http://www.dot.state.fl.us/inspectorgeneral>

Joanne.Kraynak@dot.state.fl.us or 850/410-5802



What You Can Do