



**Nassau County Office of the Inspector General**

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March 30, 2021

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***MESSAGE FROM THE INSPECTOR GENERAL***

It is my privilege to present the second Annual Report of the Nassau County Office of the Inspector General (OIG), submitted pursuant to Section 192 of the Nassau County Charter. This report summarizes in part the work of our Office during the 2020 calendar year, including OIG's continued efforts to prevent and detect fraud, waste, corruption, and abuse in County government.

Despite the unprecedented challenges that our County, including our Office, faced during most of 2020, I am pleased to report that it was nonetheless a productive year for the OIG. Our Office engaged in a variety of activities that we believe truly made a positive difference to Nassau County.

Despite the obstacles posed by the pandemic, OIG continued its work to promote the principles of accountability, transparency, and independent oversight, with particular focus on the County's procurement process. As further described in our Annual Report, the OIG observed 140 selection committee meetings, conducted numerous reviews, detected and reported various issues of concern, and made a number of recommendations intended to improve County operations and enhance compliance.

One key part of OIG's operations is the Inspector General's Hotline, which has increasingly enabled the public to raise concerns and play an important role in combatting

fraud, waste, corruption, and abuse. We are gratified to report that in 2020, OIG received more than double the number of complaints than it did in 2019, the year it was launched.

The OIG is proud of its accomplishments during 2020 and its progress in total over its first two years, but there remains more to do. OIG is committed to its ongoing mission of effecting positive change and being the people's watchdog, providing objective and professionally-informed oversight. We look forward to undertaking new activities in the year ahead that will enable us to more fully realize that commitment and to continue to report the facts impartially, without fear or favor.

On behalf of our office, I would like to thank Nassau's officials, employees, and residents for their crucial support and encouragement. Please do not to hesitate to contact us with your concerns or suggestions going forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'JF', written in a cursive style.

Jodi Franzese

Inspector General

# Nassau County Office of the Inspector General



## 2020 ANNUAL REPORT

This report is available on our website <https://www.nassaucountyny.gov/4747/Inspector-General>

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# *Welcome to the second Annual Report of the Nassau County Office of the Inspector General*

## **Introduction - The Inspector General Concept**

*“... IGs have a simple charge: they need to make sure government is working well and in the way it is intended.”<sup>1</sup>*

The basic concept underlying an Inspector General (IG) office is that government, a large institution dedicated to serving the public, should build into itself an independent oversight mechanism for ongoing monitoring, evaluation and, when needed, correction. IG offices are designed to be objective and impartial entities, free of partisan loyalties and influence, to fulfill that function.

This is not a novel or untested concept; rather, it is well established and as old as our nation, beginning with the appointment of an Inspector General for the Continental Army during the Revolutionary War. While the Inspector General concept arose in the military, where the IG typically focuses on such things as discipline, efficiency, readiness, and accountability for property, civilian IG's are typically focused on preventing and detecting fraud, waste of funds, abuse of office and corruption, as well as promoting effectiveness, economy and transparency in governmental organizations.

Today's IGs are a proven success in fostering good governance, preventing and detecting wrongdoing and waste, and promoting accountability and integrity. Since the establishment of the first civilian IG's in the 1970's,<sup>2</sup> many states, counties and cities across the nation have instituted their own offices of Inspector General (OIGs) in recognition of the important and unique value they bring. While many OIGs have been in existence for decades, it is also common for new ones to be created, as occurred here in Nassau County. Even in the relatively brief time since the formation of Nassau County's OIG, OIGs have also been established in new places such as Atlanta, Georgia and Baltimore County, Maryland. There are now over 165 state and local OIGs in the United States, in addition to over 70 OIGs covering virtually all federal agencies.<sup>3</sup> These offices collectively form a community of practice that has developed

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<sup>1</sup> Quoted from a Brookings Institution federal governance study entitled *Political appointees as barriers to government efficiency and effectiveness: A case study of inspectors general*; Center for Effective Public Management at Brookings, April 2016.

<sup>2</sup> The Federal government created its first civilian IG offices in the 1970's (excepting the Central Intelligence Agency IG created in 1952). At about the same time, in 1978, the City of New York established its own IG program, having an Inspector General's office for each municipal department, significantly amplifying a municipal oversight structure tracing back to 1873.

<sup>3</sup> In a 2015 letter, former United States Senator John Glenn (R-OH) said this about the passage of the law creating

professional principles and standards, promulgated by the Association of Inspectors General (AIG), and, at the Federal level, the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

OIGs provide independent, objective oversight of government operations, by conducting investigations, audits and reviews, and providing recommendations where warranted. OIGs foster good government in many ways, e.g.:

- **Restoration of Public Trust.** It is well known that a corruption or ethics scandal erodes public faith in its government officials. The establishment of a credible and robust OIG as a permanent part of the government acts as a pillar of reform. Indeed, when an OIG maintains ongoing independent oversight of vulnerable governmental operations it can both help shift the culture of the municipality and restore public trust.
- **Promoting Public Accountability.** Accountability is essential to maintaining public trust. While the vast majority of government officials and employees are honest and honorable persons, an OIG serves as a necessary safeguard to ensure that all public servants are indeed working in the public interest. The presence of an OIG serves to encourage government to work effectively and with integrity. Conversely, it discourages those who might engage in corruption, nepotism, conflicts of interest or otherwise abuse their positions or violate public trust.
- **Deterring Fraud.** A key OIG role is fraud prevention. Fraud is often committed as a “crime of opportunity;” i.e., when there are perceived weaknesses in internal controls, a person might seize the opportunity to engage in fraudulent conduct without fear of detection. An active, committed OIG increases the likelihood that fraud will be discovered, and thus fewer people will risk detection.<sup>4</sup>
- **Providing Economic and Operational Benefits.** The existence of an OIG can provide many positive benefits, such as contributing to cost savings and increased effectiveness. For example, the deterrent effect of a robust IG’s office can result in significant (albeit sometimes difficult to quantify)

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Federal OIG’s some three dozen years earlier: “The Inspector General Act has stood the test of time. The billions of dollars recovered for the government and the increased efficiency and effectiveness of government programs and operations are a testament to the Act’s continued success.”

<sup>4</sup> A person’s willingness to engage in fraud may also be associated with their ability to rationalize their conduct; therefore, a strong and unambiguous code of ethics, for employees and for vendors, is a companion cornerstone of deterrence.

savings,<sup>5</sup> such as preventing attempts at fraudulent billing or the delivery of substandard goods or services. An OIG's sustained focus on business integrity and transparent contracting processes can help "level the playing field" for law-abiding vendors, providing incentive for increased competition and better pricing for the government. Additionally, the economy of government operations can be enhanced by implementing OIG recommendations for reducing waste or improving efficiency or effectiveness. Moreover, some OIG activities may result in cost avoidance, e.g., detecting and thus ending, fraud schemes; stopping financial losses ("stopping the bleeding"), and may in some instances even lead to monetary recoveries.<sup>6</sup>

- Providing a Trusted Resource and Objective Resolutions. People need an independent, trusted entity to bring sensitive concerns to. Government organizations also need a trusted process, free of political or partisan considerations, for reviewing allegations of wrongdoing. An OIG provides a credible mechanism for receiving, reviewing, and resolving allegations. Not only can the OIG objectively vet allegations and determine the facts, but having an impartial, non-partisan, professional office conduct the inquiry lessens claims of a biased outcome or inadequate investigation.

Inspector General offices bring to their work a combination of disciplines, tools, and focus that is unique in the area of governmental oversight. The OIG utilizes different approaches - both reactive and preventative - from the realms of auditing, investigations, compliance reviews, program evaluations, and management analyses. No other oversight structure so comprehensively blends these fields together.

Strictly-audit organizations traditionally perform financial and/or performance audits. These typically have a broad focus, applying generally accepted auditing standards to assure that auditee organizations operate in compliance with established criteria; e.g., ascertain whether financial statements contain significant misstatements, verify that funds are being spent and accounted for properly, assess strength of internal controls, or determine whether programs are operating correctly and effectively. In contrast, investigative organizations typically have a targeted, forensic focus on detecting and exposing dishonesty and/or misconduct, with

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<sup>5</sup> The Brookings Institution has noted with respect to federal OIGs' return-on-investment (ROI) "that ROI does not encapsulate all of the non-monetary benefits IG's bring to government in the form of deterrence, efficiency, improved practice or legislative oversight . . . but are ultimately too difficult to measure accurately . . ." *Political appointees as barriers to government efficiency and effectiveness: A case study of inspectors general*. Center for Effective Public Management at Brookings, April 2016.

<sup>6</sup> A Brookings Institution study of Federal OIGs commented that, "The reality, when it comes to OIGs, is that many are a great investment for government." *Sometimes cutting budgets raise deficits; The curious case of inspectors' general return on investment*. Center for Effective Public Management at Brookings, April 2015.

investigations sometimes based on specific allegations or suspicions of wrongdoing.

Often, OIG audit work pertains less to accounting matters than to performance assessment and management analysis. The common audit role of an OIG, in the context of the contracting/procurement process, differs from entities whose role is to approve claims for payment or review as to form. Rather, the OIG may be focused on such things as the prevention and detection of fraud, assessing compliance with controls, verifying that records match reality, confirming receipt of deliverables, and gauging effectiveness and transparency of procedures. The OIG's evaluative function positions it to suggest systemic improvements and advocate for the use of best practices.

With respect to investigations, it should be noted that the OIG's multifaceted function goes beyond the traditional role of law enforcement investigators. OIGs are distinguishable from purely law enforcement agencies as the latter cannot serve as ongoing monitors or evaluators of the municipality's daily operations. They are not able to continuously explore, identify, and address systemic issues within government agencies. The City of Chicago's Inspector General, former prosecutor Joseph Ferguson, has noted:

“ . . . the prosecutor is seldom positioned or equipped to drive the structural or programmatic changes that I saw were necessary to prevent future wrongdoing. What drew me to the Inspector General function was the pairing of investigative enforcement tools that address individual misconduct with audit and compliance tools that can address the systemic issues that permit wrongdoing to occur.”<sup>7</sup>

In the course of their investigative work, OIGs are routinely alert to, and examine, structural or systemic matters that go beyond the individual events at issue. They look at, for example, the adequacy of management controls, adherence to policy, and the effectiveness and transparency of programs and procedures. In short, OIGs endeavor to identify the vulnerabilities in the system that allowed the issue to occur in the first place.

Moreover, law enforcement agencies investigate specific events or situations, where their role is largely limited to pursuing criminal conduct, typically reactively (i.e., after-the-fact). OIGs however, typically conduct both criminal *and* noncriminal investigations. Impartial, objective investigations of non-criminal misconduct or irregularities are important to the proper functioning of, and public confidence in, government. In addition to their inherent significance, non-criminal inquiries may also lead to the discovery of larger issues that might otherwise not be detected and addressed. Further, OIGs conduct both reactive and proactive inquiries; the latter can additionally uncover unreported or unknown issues.

Finally, external law enforcement agencies often lack the body of institutional knowledge that

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<sup>7</sup> Quoted in Profiles in Public Integrity, Center for the Advancement of Public Integrity, Columbia Law School.

a dedicated oversight office, an OIG, builds over time. A mature OIG can bring to bear detailed understanding of organizational structures and history, roles, processes, and records systems. And the combined mission of an independent, non-partisan investigative and general oversight agency enables an OIG to serve the government in a much more effective way than if either part of this mission stood alone.

## **About the Nassau County OIG**

### **Mandate and Mission**

The OIG has a broad mandate under the Nassau County Charter to prevent and detect fraud, waste, abuse and illegality in, or impacting, County government or its funds. The mission of the OIG is to foster and promote integrity, accountability, effectiveness, and efficiency in the administration of programs and operations of Nassau County government, with an emphasis on the County's contracting and procurement processes.

Nassau County's OIG accomplishes its mission through investigations, audits, reviews, and other activities designed to detect and prevent fraud, waste, abuse and illegal acts, and enhance government operations.

Some examples of the matters that the OIG may look at are:

- Purchasing, bidding, or contracting irregularities.
- Fraud by contractors/vendors or others receiving County funds.
- False filings by entities seeking to do business with the County.
- Conflicts-of-interest or other ethics violations.
- Bribes, gratuities, or kickbacks involving County employees or officials.
- Theft of Nassau County funds or resources.
- Significant waste of County money or inefficiency.
- Adequacy of, and compliance with, controls and policies.
- Effectiveness and transparency of governmental processes.
- Serious employee misconduct.
- Whistleblower reprisal.

The OIG is committed to fulfilling its mandate and accomplishing its mission by cultivating and safeguarding a transparent, honest, and accountable County government, and an

environment in which the County's goods and services are acquired without fraud and in the public interest.

## **Founding Statute**

The statutory purpose of the OIG is set out in Section 185 of the Nassau County Charter, entitled "Office Created and Established and Purpose of the Office." It provides:

There is hereby established an independent office of the Inspector General which is created in order to provide increased accountability and oversight of County operations, to detect and prevent waste, fraud, abuse and illegal acts in programs administered or financed by the County, particularly the County's contracting and procurement processes, to promote transparency, efficiency and integrity in the County contracting and procurement process, and to assist in increasing economy, efficiency, and effectiveness in the administration of the County government. The Inspector General shall initiate, conduct, supervise, and coordinate investigations, audits, reviews and examinations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct and other abuses by elected and appointed County officials, officers, employees, agencies, departments, commissions, boards, offices and all other instrumentalities of the County as well as County vendors, contractors, and lower tier subcontractors, and other parties doing business with the County and/or receiving County funds. The aforementioned shall not be applicable to the County Legislature and the Office of Legislative Budget Review. The Inspector General shall head the Office of the Inspector General. The organization and administration of the Office of the Inspector General shall operate independently in such manner so as to assure that no interference or influence external to the Office of the Inspector General compromises or undermines the integrity, independence, fairness and objectivity of the Inspector General in fulfilling the statutory duties of the office or deters the Inspector General from zealously performing such duties.

Additionally, the Charter reflects the non-partisan nature of the OIG. The Inspector General, who is neither an elected nor political official, is required by Charter provision to comply with the restrictions of prohibited political activity applicable to judges in the Rules of the Chief Administrative Judge of New York State.<sup>8</sup>

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<sup>8</sup> Nassau County Charter §187 (19).

## Authority, Powers and Functions

To accomplish its mission the County Charter<sup>9</sup> provides the OIG a set of authorities and powers, including in part:

- Authority to investigate, review, examine and audit past, present and proposed programs, activities, contracts, expenditures, transactions, and projects that are administered, overseen and/or funded in whole or in part by the County, including all aspects of the procurement process, including reviewing proposed contracts to be presented to the County Legislature for approval.
- Authority to recommend remedial actions.
- Authority to receive and investigate complaints.
- Authority to review vendor/contractor databases, filings, and financial disclosure forms.
- Authority to obtain full and immediate access to County documents and records, and to issue directives requiring their production.
- Authority to receive the full cooperation of the County Executive, all appointed County officials, officers and employees, vendors, contractors, subcontractors, and other parties doing business with the County or receiving County funds, including submitting to interviews, providing sworn statements, and providing documents and records. The Charter also provides a criminal penalty for any person who knowingly interferes in, obstructs, or impedes an Inspector General investigation, audit, review or examination.
- Authority to subpoena witnesses and to issue subpoenas compelling the production of documents and other information.
- Requirement that the Inspector General be notified as part of the “approval path” for proposed contracts presented to the County Legislature for approval.
- Requirement for OIG to be notified in writing prior to meetings of procurement selection committees, and authority to attend such meetings.

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<sup>9</sup> See especially Nassau County Charter §187.

- Requirement that the County Executive promptly notifies the Inspector General of possible mismanagement of a contract constituting misuse or loss exceeding \$5,000 in public funds, as well as fraud, theft, bribery or other violations of law which may fall within the Inspector General’s jurisdiction.
- Authority to hire its own staff.

The Charter also imposes various operational requirements on the OIG. These include:

- Establish a hotline to receive complaints from anonymous and identified persons.
- Develop outreach strategies to inform government officials and employees and the public of the authority and responsibilities of the OIG. These include developing an OIG webpage linked to the County’s website and posting information in common areas of County facilities.
- Establish internal policies and conduct its work in accordance with generally accepted government standards and, where applicable, the Principles and Standards for Offices of the Inspector General (also known as the Green Book), published by the Association of Inspectors General.
- Notifying appropriate law enforcement agencies of suspected possible criminal violations of state, federal, or local law.
- Following prescribed procedures for the issuance of certain finalized reports.
- Issuing an annual report (this document).

## **IG Independence**

The Inspector General, who is appointed by super-majority vote of the County Legislature to a four-year term, and removable only for cause by super-majority vote, is not subject to control or supervision by the County Executive. The Inspector General is authorized to exercise any of the powers granted on his or her own initiative.<sup>10</sup>

Section 189 of the County Charter requires the County Legislature to have a committee<sup>11</sup> for

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<sup>10</sup> Nassau County Charter §187 (8).

<sup>11</sup> By law, the membership of the committee consists of the Presiding Officer, the Minority Leader, the chairman of the Finance Committee, and one member each appointed by the Presiding Officer and Minority Leader, respectively.

the purpose of maintaining general supervision of and liaison with the OIG. Section 189 also provides that the Inspector General shall meet periodically with representatives of the Legislature to review prior activities and discuss plans and objectives. The Inspector General's authority to conduct investigations, audits, reviews, and examinations does not apply to the Legislature. While the OIG is subject to general supervision by the Legislature, section 185 of the Charter provides that the OIG shall operate independently such that no interference or influence compromises or undermines the integrity, independence, fairness and objectivity of the Inspector General or deters the Inspector General from zealously performing his or her duties.

The OIG may at times receive requests from members of the Legislature, or other officials, to explore particular concerns. In all instances, OIG independently assesses the request in light of its mission and mandate, to determine whether it is appropriate for the office to undertake such inquiry. The OIG also independently decides the manner, scope and extent of the activities it elects to pursue. In all instances, OIG conducts its work objectively and impartially, without regard to partisan political considerations.

The Charter also requires that investigations conducted by Nassau's OIG comply with the Principles and Standards published by the Association of Inspectors General (AIG) (Green Book). AIG's Principles and Standards also provides that, to establish and maintain the independence of Inspectors General, they should be appointed to a fixed term of office. While Section 189 of the Charter does accordingly provide a fixed term of office, the four-year term it presently provides is less than the minimum AIG recommends: "... *AIG believes that the minimum term should be five years and recommends a longer period of seven years to provide stability in the function.*"<sup>12</sup> As an adherent of AIG's guidance, OIG believes it fitting to point out the difference between AIG's recommended term length and Nassau's. OIG also believes that AIG's recommendation is logical and would be beneficial to OIG's mission, and merits serious consideration for adoption in Nassau County. The concept is not novel; many other OIGs have terms of at least five years, with examples ranging from the newly created City of Atlanta Inspector General to New York's MTA OIG created nearly 40 years ago.

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<sup>12</sup> Commentary in Model Legislation, Association of Inspectors General website. Also, the model legislation language preceding the commentary provides that: "*The Inspector General is appointed for a term of five years, which may be renewed at the discretion of the appointing authority.*"

## Our History

The Nassau County Office of the Inspector General (OIG) came into operation two years ago, in January 2019, becoming the first county-wide OIG in New York State.<sup>13</sup> The Office was established by County legislation enacted on a bi-partisan basis in December 2017.<sup>14</sup> The legislation provided, in part, a fixed term, minimum qualification standards, and enumerated powers and responsibilities, for the Inspector General.

Following a nationwide search in 2018 for Inspector General candidates, Jodi Franzese, then a Senior Inspector General in New York City and former prosecutor in Suffolk County, was selected by a bi-partisan committee. Her appointment was confirmed by unanimous vote of the County Legislature in December 2018, and she took office as the County's first Inspector General on January 3, 2019. The Inspector General hired the office's first six staff members during 2019 and two additional employees in 2020.

The creation of Nassau's OIG might be traced to July 2015, when the Nassau County District Attorney's Office (DAO) produced its *Special Report on the Nassau County Contracting Process*, documenting significant fraud and corruption vulnerabilities, as well as inefficiencies, in the County's procurement process. The report also detailed several recommendations for reform. One of the key recommendations in the DAO report was the creation of an independent Office of the Inspector General for Nassau County, envisioned as follows:

The Legislature should modify the County Charter to eliminate the position of Commissioner of Investigations due to its history of ineffectiveness,<sup>15</sup> and replace it with an independent and adequately-staffed County Inspector General . . . The Inspector General should be afforded broad investigative authority over executive departments and the procurement process, tasked with the comprehensive vetting of county contractors, and directed to refer possible criminal conduct to the appropriate agency for prosecution.

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<sup>13</sup> Erie County has had a County Medicaid Inspector General since 2012.

<sup>14</sup> Nassau County Charter, Article I-C (Sections 185 – 196).

<sup>15</sup> The Commissioner of Investigations was an at-will appointee of the County Executive, having no fixed term or minimum qualifications under the Charter, and not requiring confirmation by the County Legislature. Unlike the IG, the Commissioner's objectives were not well-defined in the Charter (to make examinations "as he or she may deem to be for the best interest of the county") and the Commissioner was not mandated to follow professional standards. As noted above, in 2017 the County Charter was amended to create an Inspector General who was independent of the County Executive. However, notwithstanding the District Attorney's recommendation to abolish the Commissioner of Investigations, that position was not eliminated from the Charter. While the post of Commissioner has remained vacant since the Inspector General's appointment, at this writing the law authorizing a Commissioner of Investigations remains in effect.

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Apart from the duties currently assigned to the Commissioner of Investigations, a new County Inspector General should periodically evaluate each department's recordkeeping and procedure; respond to in-house tips of fraud, waste, and abuse; receive regularized reports of activity from the decentralized selection committees in the various County departments; provide secondary review of vendor performance[,] warehouse screening documentation, and evaluate personal and financial relationships.

While Nassau County's OIG was only recently created, the lineage of the Inspector General concept in the United States goes back well before 2015. Thus, at its inception, the Nassau County OIG immediately became part of an established, robust nationwide OIG community, with delineated professional standards, including those developed under the auspices of the AIG and, at the federal level, the CIGIE.

A major and necessary theme of OIG's first year was development and growth from concept to full operation. In addition to beginning its first investigative, review, and analytic work, OIG necessarily spent considerable time and effort during 2019 on an extensive range of start-up activities to ensure that OIG would be properly equipped to fulfill its mission and comply with professional standards.<sup>16</sup>

Early into 2020, OIG's second year, the OIG faced major challenges, having to adapt its operating model in response to the COVID-19 health emergency. Despite these challenges, OIG continued working for the people of Nassau County, while ensuring the safety of its staff and other County employees, first by moving its office operations to a fully remote work environment and later by transitioning to a structured combination of remote work and reduced-density office usage. In many instances it was necessary to shift from conducting traditional in-person meetings and interviews to video and telephonic communications. While this approach was sometimes less than optimal, it facilitated continuity of our operations and services. Throughout, OIG continued to respond to Hotline calls and online complaints (some dealing with COVID-19 related matters), monitor procurement evaluation committees, screen proposed contracts and purchase orders, and initiate and continue work on reviews and investigations. During 2020, OIG initiated 33 preliminary inquiries, investigations, or reviews.

Throughout 2020, in order to better serve the County, OIG built upon the successful progress from its first year and continued to look for ways to enhance its internal procedures and effectiveness. Our office worked to improve its selection committee and contract review processes to more efficiently oversee the County's contracting and procurement. OIG also developed additional policies and procedures to foster consistency

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<sup>16</sup> E.g., Principles and Standards for Offices of Inspector General ("Green Book"), promulgated by the Association of Inspectors General.

in its operations and provide helpful guidance for decision-making, ensuring that OIG's activities are fully in line with our charter mandates.

## **Staffing**

The most crucial resource of an OIG is its staff. As of the close of 2020, OIG was comprised of nine persons as shown below:

- Inspector General - 1
- Deputy Inspector General/General Counsel - 1
- Deputy Inspector General - 1
- Assistant Inspectors General - 3
- Oversight Specialists - 3

While the office remains relatively new, the Inspector General and eight employees comprising the OIG in 2020 collectively possess over 140 years of experience in governmental oversight and/or law enforcement.

In an independent, stand-alone oversight organization of relatively modest size it is essential that it be comprised of persons collectively equipped with the variety of knowledge, skills and expertise that its multifaceted function requires. OIG staff members were carefully selected and are well qualified and credentialed to fulfill the many aspects of the OIG's mission. The OIG team consists of professionals whose prior occupations reflect a range of pertinent disciplines and relevant skills: investigators, auditors, attorneys/prosecutors, federal agents (including a Special Agent-in-Charge), deputy inspectors general and senior inspector general.

OIG's 2020 staff previously worked for a variety of respected institutions including:

- New York City Department of Investigation
- New York State Attorney General's Office
- Internal Revenue Service, Criminal Investigation Division
- U.S. Department of Transportation, Office of Inspector General
- Metropolitan Transportation Authority, Office of the Inspector General
- District Attorneys' Offices of Suffolk, Queens and Bronx Counties
- Nassau County Comptroller's Office

Additionally, several persons are members of the Association of Inspectors General and/or the

Association of Certified Fraud Examiners. OIG's team has completed a wide variety of specialized training, and attained advanced degrees and numerous professional certifications, including:

- Admission to New York Bar
- Certified Inspector General (CIG)
- Certified Inspector General Auditor (CIGA)
- Certified Inspector General Investigator (CIGI)
- Certified Public Accountant (CPA)
- Certified Fraud Examiner (CFE)
- Certified [Asset] Protection Professional (CPP)
- Juris Doctor (Law) Degree
- Master's Degree

## **Complaints**

Good government is everyone's business. The OIG relies in part on concerned County employees, officials, vendors, and members of the public – including the readers of this report – to provide us with information regarding possible fraud, waste, abuse, corruption, and misconduct related to county agencies, projects, programs, contracts, operations, or vendors. The OIG is responsible for receiving – and investigating as warranted – complaints, and may also proactively conduct audits, investigations and other reviews, as it deems appropriate. During our first year, 2019, the newly created OIG received in excess of 55 complaints, tips and other contacts, including allegations of misconduct, fraud and other improprieties. During 2020, as public awareness of the OIG grew, the number of contacts it received more than doubled, to over 130.

The OIG receives complaints and tips from members of the public, County employees, officials, and vendors via a variety of means: from our website, email, letter, telephone Hotline, and in person. OIG established these varied means of contact in recognition of the potentially sensitive nature of some of these communications and that the most convenient way of contacting the office may differ.

Complaints may allege fraud, corruption, waste of funds, abuse of position, or raise other concerns. All complaints and tips received by the OIG are reviewed to determine the appropriate disposition of each. Among other considerations, OIG evaluates each complaint or tip to determine whether it falls within OIG's jurisdiction and gauges its investigative viability. For example, a very vague anonymous complaint might not provide an adequate

basis for further inquiry. Given the OIG's need to manage its resources effectively, each complaint is also assessed in terms of its potential magnitude or significance, from individual and/or programmatic standpoints.

Some complaints may result in the initiation of a preliminary inquiry or a full investigation, audit, or other review by OIG. The Inspector General may close some complaints based on initial assessment or after a preliminary inquiry fails to substantiate the allegations or finds no viable issues to pursue. In some instances, the Inspector General may refer the matter to the appropriate County department or other agency for its appropriate action.

The OIG forwards complaints to other organizations if its evaluation or preliminary inquiry reveals that the issues raised fall outside the OIG's jurisdiction or would be more appropriately handled by another entity. During 2020, OIG referred 38 complaints to other entities. Some of these involved COVID-19-related complaints.

When OIG receives a complaint about a matter for which OIG does not provide oversight (e.g., town and village issues), it often provides assistance by trying to help the complainant find a more appropriate entity to contact about their concern. OIG staff did so approximately 40 times during 2020.



Examples of issues that should be reported to the OIG are:

- Contractor and vendor fraud (including the submission of inflated or false claims for payment, incomplete or substandard work, or failure to provide deliverables specified by the County).
- Purchasing or bidding irregularities.
- Construction-related fraud on public works.
- Employee misconduct, conflicts-of-interest, or corruption.
- Offer, payment, or acceptance of bribes or gratuities, or solicitation of kickbacks.
- Theft or misappropriation of County property, revenue, or other resources.
- Significant waste of County money or inefficiency.
- False documentation, certifications, licenses, qualifications.
- Whistleblower reprisal.
- Any other activity suggesting wrongdoing or impropriety involving Nassau County projects, programs, operations, grants, employees, officials, contractors, vendors, or anyone who receives County money.

For more information about making complaints, please see the Frequently Asked Questions section in the Appendix following this report.

## **Whistleblower Protection**

Nassau County's employees and officers are protected by law, as summarized below, against retaliatory personnel action for reporting to the Inspector General (or other specified entities) allegations of improper government action by a County officer, employee, or agent that violates a federal, state, or local law, rule, or regulation.

New York State Civil Service Law, Section 75-b, entitled *Retaliatory Action by Public Employers*, provides, in part, that:

A public employer shall not dismiss or take other disciplinary or other adverse personnel action<sup>17</sup> against a public employee regarding the employee's employment because the employee discloses to a governmental body<sup>18</sup> information:

- (i) regarding a violation of a law, rule or regulation which violation creates and presents a substantial and specific danger to the public health or safety; or
- (ii) which the employee reasonably believes to be true and reasonably believes constitutes an improper governmental action. "Improper governmental action" shall mean any action by a public employer or employee, or an agent of such employer or employee, which is undertaken in the performance of such agent's official duties, whether or not such action is within the scope of his employment, and which is in violation of any federal, state or local law, rule or regulation.

Nassau County has additional whistleblower provisions, in section 22-4.4 of the County's Administrative Code, entitled *Retaliatory action prohibited* (commonly known as the County Whistleblower Law). It provides, in part, that

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<sup>17</sup> "Personnel action" under Section 75-b means "an action affecting compensation, appointment, promotion, transfer, assignment, reinstatement or evaluation of performance."

<sup>18</sup> For purposes of Section 75-b, "Governmental body" means "(i) an officer, employee, agency, department, division, bureau, board, commission, council, authority or other body of a public employer, (ii) employee, committee, member, or commission of the legislative branch of government, (iii) a representative, member or employee of a legislative body of a county, town, village or any other political subdivision or civil division of the state, (iv) a law enforcement agency or any member or employee of a law enforcement agency, or (v) the judiciary or any employee of the judiciary." See Section 75-b for additional pertinent definitions.

4. Use of authority or influence prohibited.

- (a) A government official may not, directly or indirectly, use or attempt to use his or her official authority or influence to intimidate, threaten, coerce, command, influence or attempt to intimidate, threaten, coerce, command or influence any individual in order to interfere with such individual's right to disclose information relative to improper government action.
- (b) Use of official authority or influence shall include:
  - (i) Promising to confer any benefit (such as compensation, grant, contract, license or ruling) or effecting or threatening to effect any reprisal (such as deprivation of any compensation, grant, contract, license or ruling); or
  - (ii) Taking, directing others to take, recommending, processing or approving any personnel action. For purposes of this section, "personnel action" shall mean those actions set forth in paragraph (d) of subdivision (1) of section seventy-five-b of the New York Civil Service Law.

The Administrative Code was amended in 2019 in part to add the Nassau County Inspector General, for purposes of whistleblower protection, to the list of government officials to whom allegations of improper government actions may be reported. That section now provides in part that a County employee who has information about a government action which he or she reasonably believes to be true and reasonably believes constitutes an improper government action, may disclose such information to a supervisor, a Nassau County government official listed in the Code - including the Inspector General, or to a governmental body as defined in New York State Civil Service Law Section 75-b.<sup>19</sup>

The 2019 amendment of the County Whistleblower Law also removed the general requirement that the County employee must first report the alleged improper action to his or her supervisor or department head, in order to preserve the right to pursue a retaliation claim under Section 75-b of the State Civil Service Law.

County employees who reasonably believe they have been subject to retaliation for disclosing improper governmental action may bring a civil action in a court of competent jurisdiction within one year of the alleged retaliation. Additionally, Section 196 of the County Charter provides a *criminal* penalty for retaliating, or attempting to retaliate, against any person for assisting, communicating or cooperating with the Inspector General.

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<sup>19</sup> See Nassau County Administrative Code, Section 22-4.4, subdivision 3 (a). Subdivisions 3 (b) and (c) require that certain actions be taken by County officials who receive such information.

Section 196 states:

Any person who:

1. retaliates against, punishes, threatens, harasses, or penalizes, or attempts to retaliate against, punish, threaten, harass, or penalize any person for assisting, communicating or cooperating with the Inspector General; or
2. knowingly interferes, obstructs, impedes or attempts to interfere, obstruct or impede in any investigation, audit, review or examination conducted by the Inspector General, shall be guilty of an unclassified misdemeanor and subject to imprisonment for a ter[m] of no longer than one year and a fine of no more than ten thousand dollars, in addition to any other penalty provided by law. Any potential violation of this section shall be referred to the District Attorney for investigation and prosecution.

## **Duty to Report Corruption and Fraud**

As we stated in our previous annual report, OIG believes that key methods for preventing and exposing serious acts of wrongdoing involve not only *protecting* but also affirmatively *encouraging* whistleblowers in the County government, the people who know about the problems. The means of encouraging whistleblowers should include sending a clear message that, for public servants, “looking the other way” is not acceptable behavior in Nassau. OIG believes that each public servant should have an explicit legal duty to report conduct involving corrupt, fraudulent or other unlawful activity affecting the County.

Unlike employees and officers of the State of New York, employees and officers of Nassau County (other than the County Executive) are not generally obligated by law to report to the Inspector General their knowledge of corruption, fraud, criminal activity, conflicts of interest or abuse. This is so even though the County’s public servants are provided the same protection afforded their State counterparts under the Civil Service law, plus the additional provisions of the County’s whistleblower law and Charter section 196, cited above.<sup>20</sup>

Although the County Charter does require the County Executive to promptly notify the Inspector General of possible fraud, theft, bribery, contract mismanagement and other matters,<sup>21</sup> the crucial obligation of County employees to likewise report such matters to

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<sup>20</sup> Additional whistleblower protection is afforded by New York Labor Law §740 in certain circumstances pertaining to substantial and specific danger to public health or safety, or health care fraud.

<sup>21</sup> Nassau County Charter §187 (5) provides in part that “The County Executive shall promptly notify the Inspector General of possible mismanagement of a contract constituting misuse or loss exceeding \$5,000

the Inspector General largely exists not as law but in the form of a guidance memorandum from the Deputy County Executive for Compliance. The Countywide Procurement and Compliance Policy additionally provides that public employees and elected officials “having responsibility for contracting procurement” shall “report waste, fraud, abuse and corruption and unethical practices” to the Inspector General. An executive order further requires that any individual who becomes aware of a violation of the “Zero Tolerance” prohibited gifts policy report it to the IG’s hotline. While these are significant measures, in OIG’s view they do not provide the gravity or permanence of a statutory mandate, nor do they cite a penalty for noncompliance.

The only other affirmative duty under law to report wrongdoing to the Inspector General is a limited one appearing in the County whistleblower law. It provides in sum that any county government official *receiving* information from a county employee concerning improper government action shall review it, and:

“if such review indicates an apparent improper government action, take appropriate corrective measures *and where appropriate, refer such information* to the appropriate investigative authority, including but not limited to . . .” (emphasis added)<sup>22</sup>

OIG accordingly restates its view that Nassau County would be better served by strengthening its reporting requirements; by codifying them into law directly applicable to all County public servants. New York State law has a model worthy of consideration, which creates an affirmative legal duty for state officers and employees. New York’s statute, codified within the Executive Law, provides (with respect to officers and employees under the State OIG’s jurisdiction):

Responsibilities of covered agencies, state officers and employees.

1. Every state officer or employee in a covered agency shall report promptly to the state inspector general any information concerning corruption, fraud, criminal activity, conflicts of interest or abuse by another state officer or employee relating to his or her office or employment, or by a person having

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in public funds, fraud, theft, bribery, or other violations of law which appears to fall within the jurisdiction of the Inspector General, and may notify the Inspector General of any other conduct which may fall within the Inspector General’s (sic) jurisdiction.” Pursuant to this provision and a supplemental directive issued by the Inspector General in accordance with §187 (5), in 2019 the Deputy County Executive for Compliance issued a guidance memorandum to County employees that they must (likewise) report such matters to the Inspector General. While clearly an appropriate and positive measure complying with §187 (5) and the IG’s directive, this structure lacks the force of a law and so has neither the permanence nor gravity of a statute, particularly one having a stated penalty for non-compliance.

<sup>22</sup> Nassau County Administrative Code § 22-4.4 (3)(b). The Inspector General is included among the authorities in the non-exhaustive list.

business dealings with a covered agency relating to those dealings. The knowing failure of any officer or employee to so report shall be cause for removal from office or employment or other appropriate penalty. Any officer or employee who acts pursuant to this subdivision by reporting to the state inspector general improper governmental action as defined in section seventy-five-b of the civil service law shall not be subject to dismissal, discipline or other adverse personnel action.<sup>23</sup>

OIG reiterates its belief that this mandate is of such fundamental significance that Nassau County would benefit from a similar law directly placing the affirmative duty to report fraud and corruption, etc., upon all public servants of the County.<sup>24</sup>

## Investigations

The OIG conducts both criminal and administrative (i.e., non-criminal) investigations into the conduct of County functions, transactions, contracts, programs, vendors, officials, employees, and departments. Investigations may concern potential violations of law or policies, or other possible irregularities. Unlike audits, which are typically conducted of operations or programs, and are usually general or systemic in nature, investigations are often more specific inquiries into particular actions, events or allegations or concerns of wrongdoing or deficiency, e.g., fraud, corruption, misconduct, waste, or abuse.

Investigations arise from a variety of sources. Some investigations are initiated based upon tips or complaints, or stem from other OIG activities, while others may arise on a proactive basis as determined by the OIG based on inherent risks or other factors. The OIG may also receive referrals or requests for investigation from the Legislature, the Board of Ethics, the County Executive, the Comptroller, or other officials. Some investigations may be conducted

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<sup>23</sup> New York Executive Law § 55(1). This provision is not unique to New York State's government. For example, the City of Chicago has a similar statutory requirement for its public servants: "**Duty to report corrupt or unlawful activity.** Every city employee or official shall report, directly and without undue delay, to the inspector general, any and all information concerning conduct which such employee or official knows or should reasonably know to involve corrupt or other unlawful activity (i) by another city employee or official which concerns such employee's or official's employment or office, or (ii) by any person dealing with the city which concerns the person's dealings with the city. Any employee or official who knowingly fails to report a corrupt or unlawful activity as required in this section shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined." Municipal Code §2-156-018.

<sup>24</sup> In adopting such law, it would also be important to ensure that whistleblower protection is broad enough to match the scope of all the information required to be reported, which may extend beyond "improper government action," e.g., fraud committed by vendors. It would also be essential to ensure that all County's public servants are made aware of their disclosure obligations.

jointly with other investigative or law enforcement agencies.

Irrespective of origin, OIG independently determines what and how it will investigate, and conducts its work objectively and impartially. The objective of all OIG investigations is to gather facts, to seek the truth.

## Investigative Outcomes

OIG investigations can result, where warranted (e.g., where there is sufficient evidence of wrongdoing or noncompliance), in criminal or non-criminal referrals or recommendations for possible remedial action, administrative sanctions, civil enforcement, criminal charges, or a combination of such outcomes. Investigations leading to administrative sanctions may involve violations of County codes, rules, policies or procedures, and/or waste, abuse or misconduct. Investigations of allegations of administrative misconduct might result in any of the following status determinations by OIG:

- **Substantiated.** The allegations are sustained/validated. There is sufficient evidence to justify a reasonable conclusion that the actions in question occurred and that there were violations of law, policy, rule, or contract.
- **Partially Substantiated.** There is sufficient evidence to justify a reasonable conclusion that (1) a portion but not all of the allegations occurred, or (2) the alleged actions did occur but not to the extent alleged.
- **Unsubstantiated.** The allegations are not proven. There is insufficient evidence to conclusively prove or disprove the allegations.
- **Unfounded.** There is sufficient evidence to justify a reasonable conclusion that (1) the alleged actions did not occur, or (2) that there were no identified violations of law, policy, rule, or contract.

It should be noted that even when OIG determines allegations to be substantiated, it cannot impose sanctions, take disciplinary or remedial actions, or commence prosecutions. OIG can only provide information and recommendations to the organizations that are authorized to do so, the decision-makers.

Where OIG suspects a possible criminal violation of a state, federal, or local law, OIG will notify appropriate law enforcement officials.

OIG does not publicly report on ongoing investigations or prosecutions.

OIG issues reports and makes recommendations to the Legislators, County Executive, or other officials as appropriate.

## **Audits**

OIGs may typically perform two types of audits: financial audits and performance audits, also known as program audits. A financial audit looks at the use of funds for programs and operations, e.g., to examine the costs involved and how the money was spent. A performance audit focuses on County programs and operations, in terms of such things as their effectiveness, efficiency, transparency, and internal controls/risk management. Audit reports may recommend corrective measures or improvements. Areas selected for audit can arise from a variety of bases, including risk factors, allegations, referrals, and as follow-up to, or spin-off from, other OIG work.

Audits typically have four phases: preliminary audit survey, fieldwork/audit verification, draft report preparation, and final report preparation/issuance. OIG audit reports containing findings and recommendations will typically be directed to the County Executive or other appropriate management officials for response and provided in final form to the Legislature and other officials as appropriate.

## **Reviews**

OIG conducts various types of reviews where a full audit or investigation is inappropriate or unnecessary and which facilitate more immediate and timely feedback to decisionmakers. Review types include, but are not limited to, screening of proposed vendor contract awards, inspections as to whether operations/programs are following established policies, procedures and guidelines, and evaluations of internal controls, or the effectiveness of operations/programs in meeting goals and objectives.

When OIG staff completes a review project, the Inspector General may issue a letter, memorandum, or report to appropriate officials describing observations/findings and/or providing recommendations for remedial action, reforms to prevent future problems, or steps to improve effectiveness or accountability.

## Procurement/Contracting Oversight Activities

Procurement, for purposes of this report, may be defined as the process by which goods and services are selected and acquired by the County for the benefit of the public. This includes the use of formal contracts as well as the issuance of purchase orders. As the County's procurement activities involve the expenditure of public funds, it is important that purchasing/contracting reflect the best interests of the County. The County's processes and practices should be transparent and guided by considerations of competition, quality, value and price, and, of course, compliance with law.

While the Nassau County OIG shares the general oversight responsibilities common to most OIGs in the nation - to detect and prevent waste, fraud, abuse and illegal acts; to promote transparency, efficiency and integrity - the County Charter places particular emphasis on the OIG pursuing those responsibilities within the specific context of the County's contracting and procurement processes. To accomplish those ends, the OIG's oversight of the County's procurement/contracting activities may take a wide number of forms, including but not limited to:

- Reviewing contracts/purchases/grants and proposed contracts/purchases/grants, e.g., for compliance, transparency, and justification of the award.
- Examining vendors' declarations in their Business History and Principal Questionnaire forms for accuracy, completeness, and information of concern, including matters potentially impacting business integrity.
- Providing Contract Review Statements and Contract Review Reports to the County Legislature, for items submitted by the Administration for approval.
- Reviewing employee financial disclosure statements, contractor political contributions, and lobbying disclosures.
- Reviewing processes followed, e.g., for efficiency, effectiveness, compliance, and transparency.
- Observing the conduct of vendor selection (evaluation) committee meetings.
- Reviewing records of decision-making, e.g., for transparency and sufficiency.
- Reviewing invoices and payment applications.
- Reviewing contract specifications and change order requests.
- Reviewing vendor evaluations.
- Monitoring ongoing projects.
- Conducting site visits at locations where a vendor is performing or has performed services.

- Examination of deliverables to verify specifications have been met and correct quantities have been provided.
- Reviewing materials-testing results/certifications.
- Reviewing reports of integrity monitors and regulatory agency records relative to vendors or prospective vendors.
- Notifying the Administration and/or Legislature of the discovery of potentially adverse information about current or prospective vendors.
- Conducting investigations, audits, and other reviews as deemed appropriate.

## **Screening of Proposed Contract Awards - Vendor Disclosures**

The standard for contract award under County procurement policy is in part whether the vendor is “responsible.” A responsible vendor is one which has the capability in all respects to fully perform the contract requirements and the business integrity to justify the award of public tax dollars.<sup>25</sup> In furtherance of the County’s responsibility determination process, prospective vendors are required to submit to the Administration disclosure documents including a Business History questionnaire form (BHF), and the principals of the vendor organizations must each submit an individual Principal Questionnaire Form (PQF).

During 2020, OIG reviewed for its information over 200 legislative items prior to their approval by the Legislature and selected some proposed contract award packages for more detailed review.<sup>26</sup> OIG submitted to the Legislature 66 written statements or reports of the results of selected contract reviews. In 45 instances, OIG apprised the Administration and/or the Legislature that it had detected in its review potential matters of concern, including apparent omissions and/or discrepancies within vendors’ BHFs and/or individual PQFs, or what appeared to be adverse information.<sup>27</sup>

A few examples of matters that OIG reported on during 2020 are:

- OIG observed that two of the three business “references” a proposed grantee supplied were actually the grantee’s own principals: its chairman and a vice president. In addition, OIG discovered that at least one and possibly both principals

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<sup>25</sup> Countywide Procurement and Compliance Policy #CE-01-2019.

<sup>26</sup> While OIG reviews proposed contracts on a spot-check oversight basis, the determination of vendor responsibility, including the task of vendor vetting, resides with the Administration.

<sup>27</sup> Additionally, in one instance OIG reported its detection that a department’s Contract Summary was factually incorrect.

failed to disclose, as required, their status as an officer/principal in other organizations.<sup>28</sup>

- OIG discovered a series of incorrect responses and material omissions in a vendor's BHF and its two principals' questionnaires. These had the effect of concealing the vendor's connection to several other companies. The vendor's responses essentially indicated that it did not share resources with any other business, that it was not a subsidiary of or affiliated with any other business, and that its principals were not principals in any other businesses. OIG ascertained, however, that the submitting vendor shared facilities with various other businesses and that one or both of its principals were also principals in undeclared businesses, including those that the vendor shared facilities with.<sup>29</sup>

Following the issuance of OIG's report, the Administration deemed the vendor's submissions to be nonresponsive and awarded the contract to a different vendor.

- During its review of a proposed award of a contract amendment concerning provision of accounting services, OIG discovered the existence of two pending lawsuits in which the prospective vendor was accused in part of accounting malpractice. OIG brought the litigation to the attention of the Legislature and the Administration. Consideration of the proposed amendment was tabled by the Rules Committee, and the Administration resolicited the procurement.
- In reviewing the questionnaires submitted on behalf of a prospective awardee of a major construction contract, OIG discovered that the company had also been a contractor to the City of New York. In its disclosure filings with the City, the vendor reported that it had three principals: the owner and her two adult children. The County had previously awarded this company two other contracts, yet in all three instances the vendor indicated in its County filings that it had just one principal, the owner-and-president. Only she submitted a Principal Questionnaire to the County. OIG ascertained that the owner had little practical role in the operational affairs of the company; it was her son and daughter who ran daily operations. While her children appeared to be *de facto* principals of the company, neither person had submitted a Principal Questionnaire, nor were they disclosed as officers/principals on the BHF.<sup>30</sup>

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<sup>28</sup> In response, the grantee revised its submissions accordingly.

<sup>29</sup> OIG also ascertained and reported in part that the vendor had paid civil penalties for environmental violations and had entered into an agreement with the State of New York in part that one of the principals would cease any operational involvement at and not enter a facility used in the vendor's daily operations.

<sup>30</sup> The owner had not officially designated her children as officers of the company.

As a consequence of the vendor not declaring the son as a principal of the company, the vendor thereby did not disclose certain political contributions the son made. As a further consequence, by not submitting a principal questionnaire the son did not disclose other companies in which he was a principal, including another Nassau County vendor. OIG further reported that the owner did not disclose her ownership interests in multiple other business entities. Finally, OIG noted that her subject company was certified as a Women Owned Business Enterprise (WBE) but it was unclear to OIG whether the owner sufficiently “. . . exercises the authority to control independently the day-to-day business decisions of the enterprise” to meet the statutory definition of a WBE.<sup>31</sup> After the foregoing matters were brought to its attention, the vendor submitted suitably revised disclosure filings, and the owner conceded that her company may no longer qualify as a WBE.<sup>32</sup>



As we related in our inaugural annual report, the District Attorney’s 2015 *Special Report on the Nassau County Contracting Process* described “serious systemic deficiencies that require the immediate attention of the County Executive and Legislature to protect taxpayers and prevent future scandal” and noted in part that “One of the greatest vulnerabilities of the County is its predominately decentralized procurement process.”

It is apparent from OIG’s two years of observation that the County has made many improvements in its procurement procedures since the state of affairs detailed in the District Attorney’s 2015 report. These include creation of the position of Chief Procurement Officer (CPO) in part to establish and enforce procurement policies and procedures for all departments, reestablishment of the post of Deputy County Executive for Compliance (DCEC), issuance of the 2019 Countywide Procurement Policy<sup>33</sup> as well as a series of Countywide procurement policy enhancements, and adoption of the Vendor Code of Ethics. OIG is also cognizant that the CPO provided oversight in numerous circumstances and frequent communication with departmental contracting officers to refine and standardize practices Countywide.<sup>34</sup>

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<sup>31</sup> See New York Executive Law Article 15-A, section 310 (15)(c). The determination as to whether the company satisfied the statutory definition of WBE would fall within the purview of the certifying agency, the County’s Office of Minority Affairs (OMA).

<sup>32</sup> The County subsequently awarded the contract to the vendor.

<sup>33</sup> Countywide Procurement and Compliance Policy #CE-01-2019.

<sup>34</sup> OIG is also pleased to report that during 2020, the CPO and DCEC continued to be receptive to OIG’s recommendations for improvements.

Currently however, the primary review of vendor disclosures and other vetting steps remains among the decentralized processes, being handled by staff within the various County departments responsible for the respective procurements, e.g., Public Works, Shared Services, etc., rather than in a Countywide unit dedicated to vetting functions.

As indicated in the above section, it was not uncommon in 2020 for OIG's selected contract reviews to result in the discovery of potential matters of concern, including apparent discrepancies and/or omissions in vendors' disclosures to the County.<sup>35</sup> In OIG's assessment, some of the matters identified in OIG's contract reviews could and should have been detected in the course of the departmental vetting process (i.e., prior to OIG review).

Following the issuance of a number of OIG contract review statements and reports describing potential matters of concern, the CPO in 2020 issued a policy memorandum to all departments, establishing the procedure to verify and review ownership, affiliate and subsidiary information provided by vendors in their disclosure submissions. The policy explained that to ensure that the County vets a vendor thoroughly, it is incumbent upon the individual reviewing a vendor's responsibility to confirm that the information is correct and complete, and to review all vendor responses in that regard. The policy additionally set out the steps to be performed, at minimum, by the respective departments, to ensure the accuracy and completeness of the information provided by vendors in their BHF and the Consultant's, Contractor's and Vendor's Form.

OIG will continue to provide independent oversight in this area, including continuing to review selected contract award packages, and monitoring compliance with the above policy instruction.

## **Monitoring Activities**

OIG's monitoring of procurement-related activity during 2020 included attending 130 selection committee meetings in various departments. Where OIG had concerns about the conduct of a meeting it observed, it brought them to the attention of the Chief Procurement Officer for his information and appropriate action. OIG also attended six Departmental Chief Contracting Officer (DCCO) teleconferences conducted by the Chief Procurement Officer, and both 2020 meetings of the County Procurement Policy Monitoring and

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<sup>35</sup> Based on what it observed during contract reviews in 2019 and 2020, OIG developed the impression that there were a number of County vendors that either paid inadequate attention to, or did not sufficiently take seriously, the need to provide the County with disclosures that were fully accurate and complete.

Assessment Committee. OIG also attended a meeting of the NIFA Board of Directors. Due to COVID-19 related measures, OIG largely attended these meetings remotely.

Among the matters that OIG monitored during 2020 was the vendor selection process for the Bay Park Conveyance Project. This approximately \$440 million design-build capital construction project is a partnership between Nassau County's Department of Public Works (DPW) and the New York State Department of Environmental Conservation, to improve water quality and storm resiliency in Long Island's Western Bays by upgrading wastewater management infrastructure. Project work will include construction of a two-mile force main from the Bay Park Sewage Treatment Plant in East Rockaway to an existing aqueduct under Sunrise Highway, rehabilitation of a 7.3 mile stretch of that aqueduct, and construction of a 1.6 mile long force main connecting to the Cedar Creek plant outfall, which discharges and diffuses treated water three miles offshore.

In addition to reviewing project documents and conducting due diligence-type background searches, OIG staff in October monitored 15 meetings of the Procurement Management Team, as the team evaluated vendor proposals, prepared for and interviewed vendors, and negotiated the initial schedule of values with the selected joint-venture contractor. OIG plans to continue monitoring the project as it proceeds.

In other matters, OIG in 2020 reviewed monthly progress reports of, and conducted two site visits at, the new Police Training and Intelligence Center facility (also known as the new Police Academy), to observe the construction in progress. OIG plans to continue to monitor this project, as well as the renovations of the Family and Matrimonial Court House once work there begins.

OIG anticipates expanding our procurement/contracting oversight activities during 2021, which hopefully will include attending a greater number of in-person meetings.

## **Reports and Recommendations Issued**

### **Update: Recommendations for Revising the Vendor Business History Disclosure Form**

As noted in our previous annual report, OIG in 2019 conducted a detailed examination of the County's existing Business History Form (BHF). Based on our review, OIG provided the Chief Procurement Officer (CPO) with an extensive set of recommended supplemental revisions of that form, involving modification of existing questions and the vendor's certification language, as well as the addition of specified pertinent questions. OIG also advised that, generally, many of the recommended changes would be applicable as well to the Principal Questionnaire Form (PQF).

OIG followed up during 2020. While the CPO was receptive to our recommendations, they were not implemented during 2020, due to emergent priorities associated with the pandemic and a decision to simultaneously issue revised versions of both the BHF and the companion PQF. During 2020, the OIG provided the CPO an extensive set of recommended revisions of the Principal Questionnaire, similarly intended to enhance and clarify the questions posed to vendors, the instructions identifying the persons required to file, and to better capture the range of information relevant to the County's responsibility determinations. OIG will follow-up during 2021 to assess the status and extent of adoption of the recommended changes for both disclosure forms.

### **Vendor Review Report: Follow-Up on Vendor's Settlement Disclosure**

A member of the County Legislature requested that the OIG explore a vendor's disclosure about a settlement, described in its BHF. The vendor, the prospective awardee of a purchase order, disclosed in response to a question on the form that in 2015 it entered into a settlement with the U.S. Department of Labor's Office of Federal Contract Compliance (OFCCP). According to the disclosure, the subject matter concerned accusations of discriminatory employee hiring at two facilities in other states, in 2011-2012. While denying the accusations of discrimination, the vendor agreed to enter into a settlement. The Legislator requested in sum that OIG ascertain the corrective enhancements the vendor implemented as a result of the agreement, and whether there has been any third-party follow-up to confirm there have been no further claims of discrimination. OIG determined that the member's request was consistent with the OIG's mission, conducted a review, and provided a report to the Legislature and the Administration, as summarized below.

OIG's review, which included contacting OFCCP officials in multiple locations, confirmed that the vendor had entered into two Conciliation Agreements in 2015, and also revealed that the vendor had since entered into an additional agreement with OFCCP, in 2018,

concerning a facility in a third state. With respect to the corrective enhancements the vendor implemented, OIG ascertained and reported that the conciliation agreements contained three major compliance components, namely, OFCCP oversight and reporting, structural changes in hiring procedures, data storage modification and training, and curative hiring and make-whole remedies including monetary payments. OIG learned that OFCCP deemed the vendor to have complied with its obligations under the agreements.<sup>36</sup>

Finally, OIG also discovered and reported that in 2019 the vendor entered into a settlement and consent decree with the United States Equal Employment Opportunity Commission (EEOC) to resolve a Federal lawsuit alleging pay discrimination at a business location in a fifth state. OIG reported in part that the vendor, which denied all allegations of discriminatory pay practices, agreed to back pay and other monetary payments, and to provide training to its location's management. The agreement also prohibited the vendor, which is accountable via EEOC monitoring, from engaging in sex-based pay discrimination in future. EEOC informed OIG that the vendor is in compliance with the consent decree and EEOC monitoring will continue until April 2021.

Following OIG's review, the Legislature's Rules Committee approved the award of the subject purchase order.

## **Contractor Review Report: Single Bid**

A County Legislator requested that the OIG explore several concerns related to a prospective DPW contract award where there was only one bid (proposal) submitted, substantially lower in price than the engineer's cost estimate. OIG conducted a review, including independently sourced documents, interviews, and certain background checks, and provided its report to the Legislature, as summarized below.

As detailed in its report, OIG found no reason to question the validity of the explanation provided in DPW's low bidder participation (single bidder) analysis, nor did OIG find adverse information that would contradict DPW's assessment that the work could be completed for the quoted price. With respect to questions about the suitability and price of the electrical subcontractor, as a threshold matter OIG noted that the proposed subcontractor was not the firm that initially prompted the concern. While OIG was not qualified to express an engineering opinion, OIG reported in sum that it did not uncover reportable adverse information about the subcontractor, and also noted that the subcontractor is subject to a screening and approval process by DPW. Moreover, in the event that the subcontractor was unable to perform its obligations, OIG noted that the prime contractor is obligated to replace it without price increase. Finally, with respect to the

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<sup>36</sup> OIG also learned and reported that OFCCP has an open (pending) compliance evaluation at a vendor facility in a fourth state.

contractor's prior work, OIG reiterated its 2019 report concerning previous work done by the contractor for a local municipality, where the contractor was allowed to remediate the work. OIG also related DPW's satisfaction with the work the contractor had performed for the County.

Following OIG's review, the Legislature's Rules Committee approved the award of the subject contract.

## **Review Report: Vendor Imposter Fraud Incident**

The Office of the Nassau County Comptroller (Comptroller's Office or CO) has general superintendence over the County's fiscal affairs and is charged, in part, with monitoring the County budget and financial operations. The CO is comprised of four divisions, including the Vendor Claims Division (VCD), which audits and approves claims for payment on County contracts, and manages vendor payment information. As part of its responsibilities, the VCD receives and processes vendors' requests to change their banking information for receipt of electronic payments. The Accounting Division is responsible, in part, for receiving and processing notifications from the County's bank of rejected electronic (Automated Clearing House or ACH) payments to the County's vendors.

During 2020, OIG conducted an independent review of a fraud incident perpetrated in September 2019 against the CO. OIG's objectives in conducting this review were to ascertain the facts of the fraud, assess the impact on County Information Technology (IT) infrastructure, and assess the internal controls in place before and after the fraud occurred. The CO cooperated with the OIG throughout the review.

OIG determined that the CO was the victim of a vendor imposter fraud scheme (also known as vendor impersonation fraud), in which a fraudster utilized email to impersonate a legitimate County vendor and cause CO staff to change that vendor's ACH banking information. With the banking information changed, payments intended for the true vendor were instead diverted to a bank account controlled by the fraudster.

OIG found that the CO unwittingly authorized 11 ACH payment transfers totaling \$2,095,813.92 to a bank account controlled by a fraudster, on seven dates in September and October 2019. Of these, eight payments totaling \$710,955.92 were deposited into the fraudster's bank account. The bank, on its own initiative, restricted ("froze") this account due to a fraud notification, unrelated to Nassau County, that it received from another bank. The bank's action caused the rejection of the remaining \$1,384,858 in pending payments, thereby preventing the diversion of this larger, additional amount of County funds.

Subsequently in October 2019, the bank sent the CO a notification bearing an ACH payment return code that denoted an account freeze. Two days later, the CO learned, as a

result of communications from the true vendor, that its payments had been fraudulently diverted, and the CO accordingly notified the Nassau County Police Department (NCPD), which commenced an investigation. At the time the account was frozen, it contained only \$608,606.72 but the County was ultimately able to recover all of its money that had been deposited into the fraudster's account.

OIG determined that although the fraud was committed via the use of email, it did not constitute a technological cyber-attack on the County's IT infrastructure. OIG also determined that the internal controls the CO had in place at the time for the vendor information change process were not effective in preventing the fraud scheme, and that its staff had not been trained to detect "red flags" of vendor imposter fraud.

OIG further determined that in the wake of the fraud scheme, the CO put into place and was following new controls consistent with a number of pertinent anti-fraud measures recommended by the Government Finance Officers Association, and had also provided relevant training to its staff. Additionally, the CO reported that it has contracted an independent auditing firm to assist in an assessment of the CO's cybersecurity needs and fraud risks.

OIG also noted that subsequent to the subject fraud event, there were two other, apparently unrelated, attempts at vendor imposter fraud which did not succeed in diverting County funds. The CO reported one of these to NCPD.

OIG concluded that the CO's new controls lessen the likelihood that another vendor impostor fraud scheme against the County would be successful. OIG identified possible opportunities to further reduce fraud risks, and accordingly made the following recommendations to the CO:

- Further strengthen controls through periodic, comprehensive fraud risk assessments.
- Provide fraud awareness training for VCD staff on a recurring basis.
- Train Accounting Division staff on significance of ACH return reason codes.
- Expedite issuance of pending written procedure for vendor information change processing.
- Ensure consistent reporting of fraud attempts.

In response, the CO described the steps it had taken, and was taking, which were consistent with our recommendations.

## **Investigation Report: Nassau Equestrian Center Contract**

In 2008, Nassau County purchased for “Open Space” purposes the Old Mill Horse Farm in Jericho, for approximately \$12 million, and issued a Request for Proposals (RFP) seeking an entity to operate and renovate the property. Following an operator selection process, in 2009 the County entered into a ten-year operating and license agreement for those purposes with Nassau Equestrian Center at Old Mill, Inc. (NECOM). That operator renamed the horse farm Nassau Equestrian Center (NEC). About ten years later, in 2019, the County issued a new RFP, resulting in another selection process. In addition to being the incumbent licensee/operator, at the time of our investigation NECTOM was also the prospective awardee of a new agreement which would allow NECTOM to continue as licensee/operator of the farm for at least ten years.

The OIG received and investigated complaints from several parties raising numerous allegations and concerns relative to NECTOM and the NEC. These fell into two overall categories: those pertaining to NECTOM’s performance under or compliance with the 2009 agreement, and those pertaining to the propriety of the 2019 procurement selection process for the new operator agreement. After completion of its investigation, OIG provided its finalized report, summarized below, to the Legislature and Administration.

Relating to the operator’s performance under the 2009 agreement, there were allegations to the effect that NECTOM provided substandard care to horses at the facility, failed to submit to the County required periodic records of income and expense, and that the County had no record of NECTOM’s spending for capital improvements, although the operator was obligated to expend at least \$500,000 for that purpose. OIG’s investigation did not substantiate any of these assertions.

With respect to certain other contractual obligations, however, OIG reported on a number of matters. OIG found in part that financial records reflected that the amount NECTOM expended for advertising and promotional purposes fell far short of the \$6,000 required yearly and saw no record that NECTOM submitted for County approval any promotional materials. OIG saw no record that NECTOM established a required reserve fund until 2018 (nearing the end of the ten-year term and about two years after the County brought this deficiency to its attention), or made use of that fund for its designated purposes of capital improvements and operations, including public programs. While the impact of this omission may have been partly offset by NECTOM’s spending from other sources on capital improvements, OIG found no record identifying expenditures by NECTOM from the reserve fund (or other source) for operations, including public programs.<sup>37</sup>

OIG also found no record that NECTOM obtained the County’s written permission, as

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<sup>37</sup> The proposed new agreement does not require a reserve fund.

contractually required, for any of its various capital improvements. There was evidence, however, that the County was on written notice of the improvements program, and the operator claimed to have received verbal approvals. OIG found evidence that at least to some extent this claim was apparently true. In other matters, OIG found no record that NECOM complied with notification requirements in two instances when injuries allegedly occurred on the property, nor found that the County had received the operator's defined plans for programs, services or activities readily accessible for persons with disabilities. OIG saw no record that the County made affirmative requests during the ten-year term for promotional materials or plans for persons with disabilities that the operator had apparently failed to provide.

In other matters, during a site visit, OIG staff observed possible fire safety violations at NEC. OIG promptly reported these to the Fire Marshal's Office (FMO). FMO staff inspected NEC, noted non-life safety violations, and issued an Order to remove the violations forthwith. FMO subsequently reported that all violations had been corrected. While not raised as an allegation, OIG learned that NEC had staff with unsupervised contact with minor children, who apparently had not been fingerprinted as prescribed by law and the agreement. OIG brought this matter to the attention of the County Attorney while the investigation was still in progress.

There were also allegations to the effect that NECOM had virtually sub-leased the horse farm to private interests; certain "high end" trainers (instructors) who controlled the availability of the boarding stalls, effectively turning NEC into a private facility for their own use. It was further alleged that members of the public could not rent a stall at NEC unless they retained the services of one of these trainers. OIG's investigation did not substantiate these allegations. OIG found that while NECOM had allowed at NEC only certain trainers that it deemed qualified and well-known, there was no requirement that tenants use those trainers, or evidence that trainers controlled the availability of the stalls.<sup>38</sup>

Regarding the new RFP, there were various allegations to the effect that the County's procurement process for selecting NEC's future operator was conducted in an improper manner, favoring the incumbent, NECOM. OIG's investigation did not substantiate these allegations. Moreover, OIG staff had witnessed three of the four meetings of the multi-agency committee evaluating the proposals and was present during a proposers' walk-through of the facility.

Finally, a complainant expressed the view that NEC was not open to the general public. While this was not literally true, OIG found that there were insufficient public-facing indicia, such as entrance signage and online media, that NEC was a County facility open to the public, rather than a private equestrian business. OIG also noted that both the 2009

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<sup>38</sup> The proposed new agreement allows any certified instructors based in Nassau County to provide services to their clients at NEC.

and 2019 agreements cited various activities that the operator *might* provide but did not define its mandate to provide public programs beyond saying, “*conduct various public programs.*”

OIG noted that the County had made some improvements in the 2019 agreement as compared to the 2009 agreement, such as allowing the use of “outside” trainers, and the creation of a multi-agency advisory board to address complaints. OIG recommended that the County:

- Monitor and ensure compliance with agreement provisions concerning fingerprinting of operator staff.
- Monitor and ensure compliance with agreement provisions concerning advertising, promotion, and access by persons with disabilities.
- Consider, if it has not already done so, whether there is a need going forward for the operator to reinvest funds, or be required to make certain expenditures, in furtherance of public programs.
- Take steps, such as the use of prominent signage and social media, to enhance and publicize the message that the horse farm is a County facility which exists and is operated for the benefit of all County citizens and the general public.
- Consider setting out in more explicit, written form, the operator’s minimum obligations, going forward, with respect to the conduct of public programs.

In response, the Parks Commissioner advised that the County planned to incorporate the OIG’s recommendations into the department’s management and oversight of the agreement and provided OIG with specifics of what the County planned to do with respect to each of the recommendations. With respect to the third recommendation above, the Commissioner explained the County’s reasoning for the elimination of the requirement to maintain a reserve fund or to make certain expenditures for public programs, and noted that public programs were already required under multiple sections of the new agreement. The Commissioner also pointed out in part that the new agreement requires that the operator submit a yearly operating schedule for her Department’s review and approval, and that during this review the Department can determine whether the operator has scheduled sufficient public programming to satisfy the agreement requirement.<sup>39</sup>

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<sup>39</sup> As of this writing the proposed new agreement has not been voted upon by the Legislature’s Rules Committee.

## Advisory Report: Vetting Process for Board of Ethics Members

In addition to its Departments and Offices, Nassau County is served by various boards and commissions. Among these is the Board of Ethics. The Board provides advice to County officers and employees regarding their ethical responsibilities under the Nassau County Code of Ethics and other applicable laws, investigates complaints of ethical misconduct, and administers the Financial Disclosure program. Nassau County Charter section 2218 prescribes in part that there be a Board of Ethics of consisting of five persons; four uncompensated members residing in the County, appointed by the County Executive and subject to confirmation by the Legislature, not more than two of whom shall be members of the same political party, and the County Attorney. This section also prescribes in part that

With the exception of the County Attorney, no person while serving as a member of the Board, shall hold any public office, seek election to any public office, be a public employee in any jurisdiction, have business dealings with the County or any elected official, hold any political party office, appear as a lobbyist before the County or make a contribution to any County elected official or candidate for County office.<sup>40</sup>

The above provisions are presumably intended, in large part, to promote public confidence in the independent character of the Board. OIG learned, however, that the Administration did not have in place a vetting process to ensure that all persons appointed to the Board are, and remained, in compliance with the various requirements of the above provisions.<sup>41</sup> OIG accordingly recommended that:

- The County implement a documented vetting process for appointees to the Board, including the submission by nominees of a questionnaire inquiring whether the person is a County resident and whether he or she has any of the disqualifying interests enumerated in the County Charter.
- Prior to appointment, Board nominees execute an acknowledgement of their awareness of the foregoing statutory requirements and of their obligation to comply with those requirements throughout their membership on the Board.
- The County conduct a review of the other County boards and commissions to

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<sup>40</sup> Nassau County Charter section 2218 (10)(a)(i).

<sup>41</sup> OIG had also learned at that time that of the four then-current members other than the County Attorney, three had had business dealings with the County or held public office during their time on the Board. It should be noted that none of these members concealed any of this information. Corrective action was taken and currently no Board member is known to have any disqualifications.

ascertain whether there are specific restrictions, qualifications or other requirements for their respective members, and if so, ensure that adequate mechanisms are employed to ensure and document that all members, now and in future, are on notice of and in compliance with such requirements.

In response, the Administration advised that it would be adopting OIG's recommendations and that Board nominees will complete a questionnaire, with the results reviewed by the County Attorney's Office and the office of the Deputy County Executive for Compliance. Additionally, prior to appointment all nominees will execute a certification of their awareness of the obligations under section 2218. Finally, OIG was informed the County Attorney's Office was reviewing all other County boards and commissions to ascertain whether there are specific restrictions, qualifications or other requirements of their respective members, and would recommend similar vetting documents if needed. In follow up in early 2021, OIG was advised to the effect that all present board and commission members, and all incoming members prior to appointment, will attest in a written certification that the member meets the requirements of the position that they hold or are being appointed to. Additionally, the requirements will be reviewed with the members.

## **Notifications**

### **Notification of Vendor Criminal Indictment**

OIG learned, and so alerted the Administration, that the owner-and-CEO and his Long Island-based company which was registered as a vendor in the County's electronic procurement system WebProcure, were indicted in another county on felony counts related to the company's contracts with a New York public agency for waste transport and disposal and remediation services. The charges were Corrupting the Government, Bribery, and Contracts and Agreements for Monopoly and in Restraint of Trade. Two other persons were also charged in the alleged scheme. While an indictment is only an accusation and the vendor was not known to presently be doing business with Nassau County, given the nature and gravity of the pending charges OIG brought the matter to the attention of the Administration for its information in the event that the vendor bid on County work. In response, the Administration took steps to safeguard the County's interests, including measures to flag the pending indictment, in the event of a potential award to the vendor.

## **Update: Notification of Apparent Non-Compliance with Agreement**

As reported in our 2019 Annual Report, OIG learned, and so notified the Administration, that pursuant to the terms of a license agreement between the County and a licensee company, the licensee was apparently required to complete certain improvements at a County facility within a specified timeframe, but had not done so, either within the specified time frame or thereafter. The County was in litigation with the licensee at the time of the OIG's notification. The matter was added to the litigation, which remains pending at this writing.

## **Other Activities and Accomplishments**

### **Stakeholder Outreach**

Stakeholder outreach and education about the mission of the OIG is a fundamental part of the framework supporting our efforts to promote fraud prevention and detection. To that end, notwithstanding the COVID-19 pandemic, OIG took a variety of steps during 2020, including having numerous contacts with members of the Legislature and its staff and with Department heads and other senior County officials. Additionally, OIG gave a video presentation concerning the OIG's mission and fraud awareness to over 25 departmental contracting officers and others, as part of a virtual meeting hosted by the Chief Procurement Officer. In early 2020, prior to onset of the pandemic, the Inspector General gave an in-person presentation to a local Chamber of Commerce, introducing the Nassau County OIG and explaining the OIG concept and role.

OIG hopes to amplify its outreach activities, on an in-person basis, during 2021, after the challenges posed by the pandemic are abated.

OIG wants to encourage all concerned persons to notify the OIG about instances of suspected corruption, fraud, waste, abuse, ethics violations, and other issues.

### **Intergovernmental Cooperation and Liaison**

During the course of its activities in 2020, OIG interacted with numerous law enforcement, regulatory, and oversight organizations, including the following:

- Nassau County District Attorney's Office
- Suffolk County District Attorney's Office

- Nassau County Comptroller's Office
- Nassau County Interim Finance Authority
- Nassau County Police Department
- United States Department of Justice
- United States Department of Health and Human Services OIG
- United States Department of Homeland Security OIG
- United States Department of Labor, Office of Federal Contract Compliance Programs
- United States Equal Employment Opportunity Commission
- Amtrak OIG
- Washington, DC, OIG
- New York City Business Integrity Commission
- New York City Department of Investigation
- New York Metropolitan Transportation Authority OIG
- New York State OIG
- New York State Department of Environmental Conservation
- New York State Department of State
- New York State Comptroller's Office OIG
- Port Authority of New York and New Jersey OIG
- Council of the Inspectors General on Integrity and Efficiency
- Association of Inspectors General

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## **Join the Team; Be an Agent of Positive Change**

Corruption and fraud have a profound effect on the efficiency and effectiveness of government; on how it serves its people. Corruption can result in the misallocation of limited resources, encourage wasteful and reckless spending of public funds, and adversely affect law-abiding businesses and employees, including those already facing unprecedented challenges. Fraud can result in your, the taxpayer's, hard-earned money being stolen.

Each bribe, each false document submitted, each collusive bid, each kickback, each conflict of interest, chips away at the integrity and public trust that are essential to good government.

Fighting corruption and fraud, ensuring a level playing field, and maintaining strong ethics in government, are important responsibilities – responsibilities which are shared by all of us in Nassau County. Successfully fighting fraud and tackling corruption is a team effort. We encourage you to be part of the team; to help us by sending OIG your complaints, concerns, and suggestions.

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# APPENDIX

- ◆ OIG POSTER
- ◆ FREQUENTLY ASKED QUESTIONS ABOUT COMPLAINTS

**DO YOU SUSPECT**  
**Waste**  
**Fraud**  
**Corruption or**  
**Abuse**

**Report Vendor,  
Contractor, and  
Employee Fraud, Waste,  
Corruption, and Abuse to  
Hotline# 516-571- IG4U (4448)**

**Nassau County  
Office of the Inspector General**



## **Frequently Asked Questions about Complaints**

### **You Can Be Part of the Solution**

Good government is everyone's business. Anyone can help fight fraud, waste, abuse, and corruption in our County by reporting suspicious activity.

If you have a complaint or concerns involving a Nassau County agency, its employees, contracts, projects, or programs – or about any individual or entity that does business, or is seeking to do business, with the County – tell us about it. Your call, email, or letter could be the one that saves the County millions of dollars or helps put an end to abusive or wasteful practices.

### **Q: Who may file a complaint with the OIG?**

A: Anyone, including Nassau County employees, companies that do business with the County, and members of the public.

### **Q: What kind of complaints does the OIG investigate?**

A: Fraud, theft, waste of funds, abuse of resources or position, bribery, corruption, conflicts-of-interest, gifts from vendors, whistleblower reprisal, and serious misconduct or mismanagement affecting or involving County operations, programs, projects, contracts, or funds. OIG does not investigate routine personnel issues, such as grievances.

### **Q: Does the OIG investigate individuals or companies that conduct business with the County?**

A: Yes. The OIG may investigate any individual or entity that either is doing business with Nassau County, receives funds from the County, or which, through the submission of a bid, proposal or application, expresses interest in doing business with the County.

### **Q: How do I file a complaint with the OIG?**

A: A complaint can be registered with the OIG in several ways: via the online complaint form, email, fax, surface mail, in-person, or telephone:

- **Telephone Hotline: (516) 571-IG4U  
(516) 571-4448**
- **Email: [InspectorGeneral@nassaucountyny.gov](mailto:InspectorGeneral@nassaucountyny.gov)**
- **Fax number: (516) 571-0029**
- **Surface Mail address:  
Nassau County Office of the Inspector General  
1 West Street, Room 341  
Mineola, NY 11501**

**Q: Can I request that my identity be kept confidential?**

A: Yes. If you request confidentiality, we will not reveal your identity without your permission, unless required by law. You should also be aware that there are provisions of law that, under appropriate circumstances, protect employees from retaliation. If you believe that making a report to the OIG will place you at risk of retaliation, you should inform us of that as well.

**Q: Do I have to identify myself if I make a complaint to the OIG?**

A: No. You can remain anonymous in submitting an allegation to us. Note, however, that your information will be most useful if we have a way to contact you if follow-up questions are necessary. Information that is too vague or cannot be supported can result in closing your complaint without remedial action. If you remain anonymous, we also will not be able to acknowledge receipt of your complaint or later advise you if the matter is in open or closed status.

**Q: What information should I include in my complaint?**

A: Please provide as much information as you can. Information that is too vague or cannot be supported can result in closing your complaint without remedial action. Therefore, we encourage you to give us at least one way to contact you should we have questions or need more information. In any event, please be as specific as possible in explaining the nature and details of your complaint. You may use the following list as a guide to the information to include:

- If a project or contract is involved, identify it.
- When and where did the event happen? Give dates, times; location; facility; work unit, etc.
- Who engaged in the misconduct? Who else was involved?
- What exactly did he/she/they do?
- How do you know what you are reporting? Did you witness it? Hear about it from someone else?
- What proof exists to support or confirm your complaint?
- Who else witnessed it? Who else is aware of the wrongdoing?
- Who else has further information? What is their contact information?
- How was the fraud accomplished? How was the scheme concealed?
- How many times has it happened? How long has this situation existed?
- Who else have you reported this matter to? When? What action was taken?

The above list is only a guide; you may wish to include other/additional information.

**Q: What should I do if I acquire more information after I have submitted a complaint?**

A: Any additional information you acquire after making your report to the OIG should be reported to us in a follow-up telephone call, email or letter.

**Q: What do the terms fraud, waste, abuse, and mismanagement mean?**

A:

**Fraud** is the misrepresentation of a material fact in order to obtain a payment or benefit. Put another way, fraud is wrongful or criminal deception intended to result in financial or personal gain.

**Waste** is negligent, needless, careless or extravagant expenditure of County funds, incurring of expenses, or the misuse of County resources or property. Waste may result from improper or deficient practices, systems, controls, or decisions.

**Abuse** is the intentional wrongful or improper use of County resources, which can include the excessive or improper use of a person's County position, in a manner contrary to its rightful or legally intended use.

**Mismanagement** as used here, is when management action – or inaction – could adversely impact the County's operations, programs, projects, or funds or grossly deviates from the standard of care or competence that a reasonable person would follow.

**Q: What is an example of a conflict-of-interest?**

A: An example would be a County contracting or oversight official who has an undisclosed financial interest in a contractor, vendor or consultant, resulting in an improper contract award or inflated costs to the County.

**Q: What is an example of fraud?**

A: Fraud can take many forms. One example is where a supplier (vendor) misrepresents how much material was provided, or the type or quality of the goods provided and billed, to the County. Fraud can include submitting false claims, making false statements, concealing material information, unauthorized disclosure of confidential information relating to procurement matters, and the offer, payment, or acceptance of bribes.

**Q: What is an example of waste?**

A: Waste can include extravagant, careless, or needless expenditure of County funds. An example would be causing County funds to be used to purchase replacement parts for old equipment that is being scrapped.

**Q: What is an example of misconduct?**

A: Examples include a County official or employee improperly using County resources for unauthorized purposes, or disseminating confidential information without proper authority to do so.

**Q: What is an example of abuse?**

A: Examples include a County official or employee improperly using his or her position in order to benefit the interests of a family member, such as inducing the County to hire that person, or to award a contract to the family member's business.