

OFFICE OF THE STATE INSPECTOR GENERAL

Georgia Fiscal Management Council Annual Conference

Fraud Doesn't Take a Day Off:
Why Awareness Matters Everyday

September 29, 2025



**WHAT BAND PERFORMED
THIS SONG?**



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WHAT IS AUSTRALIA'S CAPITAL CITY?

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**WHAT IS VEGEMITE
PRIMARILY MADE FROM?**

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WHO IS NIGEL'S FAVORITE DAUGHTER?

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AGENDA

- OIG Mission, Jurisdiction, Authority
- Case Studies (Ethics/Fraud)
- GA-OIG Fraud Quiz
- A Note on A.I.
- Takeaways

THE OFFICE OF THE STATE INSPECTOR GENERAL

- Who are we?
 - Georgia's newest law enforcement agency. OCGA 45-12-210 et seq.
 - Comprised of Investigators and Auditors.
- Located in the Twin Towers
- What do we do?
 - Investigate fraud, waste, abuse, and corruption in the executive branch.
 - Provide statewide oversight of sexual harassment investigations.

GA – OIG AUTHORITY

- Investigate fraud, waste, abuse, and corruption in the executive branch of state government.
 - Includes criminal and administrative investigations.
 - Acts in violation of Title 16, Chapter 10, Articles 1 & 2
 - Abuse of Governmental Office
 - Obstruction of Public Administration and Related Offenses
 - Acts in violation of Title 45, Chapter 10.
 - Code of Ethics and Conflicts of Interest

GA – OIG AUTHORITY

- Investigate acts that may constitute violations of Georgia's ethics rules and laws by officers, officials, or employees of state agencies.
 - Includes:
 - Acts in violation of Chapter 10 of Title 45.
 - Acts in violation of the Executive Order 04.01.21.57 (Establishing a Code of Ethics for Executive Branch Officers and Employees)
- Investigate whistleblower retaliation claims regarding officers, officials, or employees of agencies.

GA – OIG AUTHORITY

- Report on acts of fraud, waste, abuse, and corruption.
- Instruct and educate agencies on detection and prevention of f/w/a/c.
 - Conduct evaluations and audits of relevant agency policies and procedures implicated by an investigation and generate remedial action plan to prevent recurrences.
- Act as liaison with outside agencies, U.S. oversight agencies, and other internal investigative units (OIG, Internal Affairs, Internal Audit, Office of Professional Standards, etc.)
- Special investigations, management reviews, or other duties as assigned consistent with the statute.

GA – OIG AUTHORITY

- Authority to enter upon the premises of any state agency at any point without prior announcement.
- Authority to question any official, officer, or employee serving in the agency and may inspect and copy any books, records, or papers in the possession of the agency.
 - With Governor approval, access to all records available to Governor.
- Compel production of documents and records through administrative subpoenas.
- Administer oaths and examine witnesses under oath.

HOW DO WE DEFINE F/W/A/C?

Fraud

- An act of intentional or reckless deceit to mislead or otherwise deceive.
- E.g. Falsified documents submitted in support of a grant application.

Waste

- A reckless or grossly negligent act that causes state funds to be spent in a manner that was not authorized or represents significant inefficiency and needless expense.
- E.g. An agency purchasing card (P-card) holder utilizes their card to purchase lunches for staff in violation of state and agency policy.

HOW DO WE DEFINE F/W/A/C?

Abuse

- The intentional, wrongful, or improper use or destruction of state resources.
- E.g. Use of institution vehicles for extensive personal travel or destruction of agency records when subject to record retention guidelines.

Corruption

- An intentional act of fraud, waste, or abuse or the use of public office for personal or pecuniary gain for oneself or another.
- E.g. Acceptance of any thing of value in exchange for inducing the reasonable belief that the giving of the thing will influence his or her performance or failure to perform any official action (i.e. Bribery).

FRAUD TRIANGLE



GA-OIG ETHICS CASES

- Based on Executive Order 04.01.21.57 (Governor's Executive Order — Code of Ethics), ethics complaints and disclosures are handled internally by most agency ethics officers.
- When issues of impartiality arise, GA-OIG will investigate. We handle two to three ethics investigations a year since 2020.
- GA-OIG's investigation of ethics violation allegations follow consistent themes of:
 - Failure to disclose potential conflicts.
 - Failure to establish a process to review and document conflicts.
 - Failure to properly train employees/officials.

GA-OIG ETHICS CASE STUDY

- Case is still active due to potential criminal violations. The agency, names, and specific details are withheld to protect the integrity of the case.
- GA-OIG receives a report from an agency of possible ethics violations for an employee who authorized expenditures for vehicle maintenance.
- Discrepancy was discovered by the agency CPO after a receiving an invoice directed to the wrong division within the agency. The CPO later determined the vehicle being serviced could not have been serviced by the service provider (vehicle assigned to different division) and vehicle was not under the purview of the suspected employee.
- After additional research, the agency discovered the suspected employee authorized payment to a business where they were listed as a General Partner (co-owner) with a spouse.

GA-OIG ETHICS CASE STUDY

- Investigation by GA-OIG reveals significant discrepancy in building and parking access logs with services billed by the vendor.
- All billing was submitted by the employee's company through an independent third-party company. There did not appear to be a process, by the state or the third-party company, to vet the listed owners of the vendors against known state employees.
- The total value for services billed to the agency exceeded \$80,000 over a two-year period.
- The employee was interviewed and initially minimized or obscured their connection to the business until they were confronted with GA-OIG's knowledge of the conflict of interest. The employee then blamed "billing errors" for any discrepancies.

GA-OIG ETHICS CASE STUDY

- The employee indicated their supervisor was made aware of the arrangement and approved it.
- Interview with the supervisor confirmed the arrangement (employee approving payments to spouse's company). Supervisor was unaware the employee was listed as a General Partner of the company.
- Employee was terminated by the agency. Supervisor had no prior disciplinary action and there was no evidence to support involvement beyond approving the use of the spouse's business.
- The supervisor was disciplined, and additional training was mandated.

GA-OIG ETHICS CASE STUDY

- GA-OIG recommended:
 - The agency should stop conducting business with the vendor as long as the conflict of interest existed.
 - The agency should increase supervision and/or internal audit of the unit in question since discrepancies occurred for over a year before they were reported.
 - The agency should increase ethics training for financial staff and training related to the required disclosure of conflicts to the Ethics Officer.
 - The agency should review all other vehicle maintenance vendors for potential conflicts.

Case Study – Travel Fraud

- State agency of moderate size. Bad actor was tasked with traveling for the majority of their duty.
- Submitted numerous claims for expenses that were not incurred over several years resulting in at least \$4k loss.
- Detected by internal audit. Admitted the fraud, saying that they realized nobody was checking the claims.
- Conditions that helped – volume of claims, overtasked supervisor, breakdown of internal controls.



LET'S SEE HOW GREAT YOU ARE!

**WHAT GOES INTO A GA-OIG
FRAUD INVESTIGATION?**



What is the largest historical case, in terms of dollar loss, investigated by GA-OIG?



What is the potential dollar loss associated with GA-OIG's largest open/active criminal investigation?



How many subjects are there in GA-OIG's largest active criminal investigation?



How many legal process requests (subpoenas, search warrants, bank requests) were issued in GA-OIG's largest active criminal investigation?



How long, on average, does it take for GA-OLG to receive a response to a legal request?

A NOTE ON ARTIFICIAL INTELLIGENCE

- GA-OIG has seen a significant increase in complaints submitted through the use of Large Language Models (LLM).
- The complaints follow specific patterns.
- While they initially appear well-written and formatted, the statements and summaries are not supported by the narrative.
- Be aware of their use when interacting with third-party vendors or when reviewing supporting documentation.

BE GREAT AT FIGHTING FRAUD

- G – Get better at internal controls
- R – Report suspected fraud
- E – Educate your staff
- A – Avoid complacency
- T – Take action

TAKEAWAYS

- There are countless opportunities for fraud in state government and opportunists are always active. **You are the frontline** in the fight.
- Tight **internal controls** may be the most important step in preventing fraud.

Questions?

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