

GOVERNMENT COMPLIANCE & INVESTIGATION SERVICES



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Anchin's Regulatory Compliance and Investigations (RCI) team is highly skilled and experienced in providing independent, investigative and forensic accounting services to all levels of government. Our team has conducted financial analysis and modeling, worked on complex investigations and provided litigation support in both civil and criminal matters. Our clients have included federal, state and city governments; government agencies; quasi-government agencies and their likes. By leveraging our internal knowledge base and vast experience, we can help you to investigate suspected or known frauds, build a solid case against the person who perpetrated a fraud and prevent future frauds (as an expert witness) from happening.

Governments face unique challenges when confronted with potential fraud or investigative issues. Often these matters are high profile, influencing public perception of elected officials and affecting voter confidence.

We understand how important confidentiality is in these matters and take every precaution in order to ensure confidentiality at every level.

Some key government investigation-related services offered by Anchin's RCI group include:

- Fraud investigation
- Litigation support and expert witness testimony in criminal and civil proceedings
- Anti-fraud consulting, including detection and prevention
- Asset tracing and funds analysis
- Vendor/contractor due diligence
- Anti-corruption ("FCPA") compliance and investigation
- Data analysis and visualization
- Contract recovery reviews
- Prevailing wage reviews
- Davis-Bacon compliance reviews
- Wage and hour regulation reviews

The Department of Justice (DOJ) announced that it **recovered more than \$2.2 billion** in settlements and judgments from civil cases involving fraud and the False Claims Act (FCA) in Fiscal Year 2020. The DOJ Criminal Division Fraud Section **brought cases against at least 120 defendants** charged with Paycheck Protection Program (PPP) fraud. They've identified a range of misconduct occurring including individual businesses inflating payroll expenses to obtain larger loans, dormant corporations and shell companies being used to apply for PPP loans and organized criminal networks submitting identical loan applications and supporting documents under the names of different companies. Most often, the misconduct consisted

of perpetrators misappropriating loan proceeds. Instead of using PPP funds for payroll or legitimate business expenses, they were being used to buy personal items such as jewelry, cars and houses. With nearly \$800 billion in loans dispersed, we are sure to see PPP loan fraud cases on the rise over time.

USE CASES

Montgomery County, MD

The Case: Retained by the Montgomery County Office of the County Attorney (the County) to perform a forensic investigation of the financial transactions and activity of the Department of Economic Development (DED).

Scope:

- Identify and investigate all potentially fraudulent or otherwise inappropriate transactions
- Perform a forensic investigation into the County's relationship and transactions with certain vendors related to the Business Innovation network program

Outcomes:

- Identified a pool of 1,592 invoices across 314 vendors totaling \$82.6 million that were at risk for potential fraud, waste or abuse
- Our investigation led to the former Chief Operating Officer of the DED, Peter Bang, pleading guilty to wire fraud and tax charges related to a scheme in which he embezzled more than \$6.7 million from the County government.

City Forensic Investigation

The Case: Engaged by a city with a current operating budget of approximately \$133 million and about 34,000 residents to investigate allegations of overpayments to vendors and to determine if appropriate policies and procedures were followed in vendor selection and payment.

Scope:

- Conduct interviews with representatives from the municipality government, the school board and vendors
- Analyze vendor documentation such as proposals, contracts, purchase orders and invoices to determine if each purchase followed the municipality and school board policy
- Examine the documentation provided to determine if there was sufficient evidence that the products and services were provided
- Investigate the relationship between the vendor and the school board
- Compare the vendors' contractual fees to actual amounts billed and paid

Outcomes:

- Identified evidence of several internal control weaknesses.
- Learned that one of the vendors was overpaid in excess of \$100,000 due to a miscalculation of installment payments
- Noted several instances in which the mandated competitive bid processes were circumvented, and purchases were made without going to bid, and noted cases where invoices lacked detail sufficient to justify payment
- Found that the relationship between one of the vendors and the school board prevented proper segregation of duties and allowed the vendor to exert a significant amount of control over sub-vendor selection and purchases

City Forensic Audit

The Case: Our team was retained by a City with a current operating budget of over \$130 million and approximately 111,000 residents to perform a forensic audit of their recreation department with numerous facilities.

Scope:

- Review revenue transactions to determine if the municipality implemented best practices in external and internal controls over revenue collection and accounts receivable and whether existing policies for revenue collection adequately protect against fraud or misconduct
- Analyze the municipality's revenue manual and current written policies and procedures and sampled various revenue transactions including refund and voided transactions
- Interview managers and various staff members regarding their knowledge and implementation of revenue policy and procedures

Outcomes:

- Discovered a lack of internal controls, employees violating internal controls, thefts of cash, irregular payments and fee charges
- Resulted in the termination of 7 employees and the installation of camera systems
- Made recommendations to improve the city's cash reconciliation process



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