

MASSACHUSETTS ASSOCIATION OF PUBLIC PURCHASING OFFICIALS (MAPPO)
MEETING MINUTES

Wednesday, January 15, 2014
The Shaws Center, Brockton, MA

Officers Present

Mary Delaney, President
Tom Watkins, Vice President
David Gelineau & Sarah Stanton, Co-Treasurers
Whitney Haskell & Sandra Marquis, Co-Secretaries

New Members Attending

None

Guests Attending

Neil Cohen, Office of the Inspector General

Lunch

A buffet lunch was served at 11:30 a.m. During lunch Neil Cohen passed out a questionnaire for the membership to complete.

The food was excellent.

Welcome

Angela Allen, Speaker Committee Chair

Angela asked the MAPPO membership to call or e-mail her if there are any topics that we should cover in future meetings.

At 12:30 p.m., Angela welcomed Neil Cohen who oversees the Audit, Oversight, and Investigations of fraud for the Office of the Inspector General. Neil has extensive education and experience in the field of fraud audits and investigations. He is also a Massachusetts Certified Public Purchasing Official (MCPPO).

Speaker

Neil began his presentation with a quick overview of how the Inspector General's Office came into being and why one of its focuses is on fraud.

He then went on to explain the **importance for discussing fraud:**

- To protect the public trust - municipalities have a fiduciary responsibility and custodial duty to protect public
- To insure a positive perception of the bureaucratic system
- To understand that once the public trust has been violated the people will always wonder if you (personally) were involved in the fraud
- To prevent the waste of money - fraud cost are approximately 7-15% of budget

Neil **defined fraud as** “ any intentional illegal act characterized by deceit, concealment, or violation of trust used to obtain or keep something of value or gain an advantage that you are or may not be otherwise entitled to.” Some examples: identity theft, tax cheating, Ponzi scheme, and the Target credit card scandal.

As the definition states, Neil explained, the gain is not always monetary. It is often ego or perception.

He went on to discuss **“The Nature of Fraud”**:

- Occurs regularly
- Non-discriminatory – anyone can commit fraud at anytime
- Often not random – people are deliberately targeted
- Victims are not defenseless – you can guard against. Note, crime cannot be completely prevented
 - Public sector is vulnerable -there aren't always enough resources to put the deterrents in place.
- Lack of appreciation of victim – “not our money”

The next part of Neil's presentation focused on **the “Fraud Triangle”**:

- Motivation - “I need the money for my child's operation”
- Rationalization – “I haven't gotten a raise and years and I deserve it”
- Opportunity – “No deterrence in place – it's easy to do”

The **psycho/social** reasons for perpetrating a fraud – we like it, it is hard to stop, and most of us are susceptible. We get a rush. If you get away with it once you may be willing to do it again.

Neil explained that we want to have a positive self-concept so we won't take from someone we know or like but, if we don't relate to the victim (municipality) it's not a big deal if we take a little.”

The next section of the presentation focused on “who commits fraud”

Who are our fraud suspects?:

- People we trust
- People with responsibility – they know how to by-pass the rules
- People who know the system – inside job
- People at the top – “just pay it”
- People who know how to manipulate – can talk people into donating
- People who have a conflict of interest – we want to be love/liked so we award jobs to our friends/family
- “Look in the mirror”

Next Neil spoke about numerous high profile cases of fraud.

The drug lab case – the women falsified records. Her motivation – recognition – she wanted to appear to be the best.

The housing authority case – the executive director failed to disclose his total compensation.

NYC's pension fraud case – numerous first responders claimed “911” trauma by collaborating with one medical professional. The responders received full salary disability payments and the medical professional received kick-backs.

Time Fraud – an EPA official claimed to be working on special assignment for the CIA.

Skimming/Larceny – Permits that were being paid in cash were never recorded

Expense account abuse – State University President was reimbursed for inappropriate expenses. He felt entitled, “deserved it”.

The last section of Neil’s presentation focused on prevention.

Defense Against Fraud

- Install security cameras
- Use passwords to protect data
- Lock doors
- Increase levels of authorization
- Review - make systems more transparent

The best defense is control – eliminate the opportunity. It is often said that the cost to implement security is too high but, often the upfront expense has lasting long term benefits.

Business Meeting

Mary Delaney, MAPPO President, opened the meeting at 1:30 p.m., following lunch and the speaker. Mary thanked Michael Morris and Michael Bandis for hosting the meeting.

Co-Secretaries Report

The January minutes were not posted. The minutes will be posted before the next meeting.

Co-Treasurers Report

Sara and Dan reported that the month’s beginning balance was \$2, 248.22 and after additional dues and expenses the ending balance is \$39,520.40. There were no questions or comments on the treasurer’s report. A motion was made to accept the report and duly seconded. Motion passed.

Web-site Committee Report

Tom reported that he will post the membership list to the listserv next week. David Gelineau and a couple of other members reported that they have not been receiving the questions from the web-site. Sarah stated that some members were removed from web-site access when their dues were not received. Tom and Sarah asked that if you have paid your dues and are still not receiving information from the web-site please call and they will resolve the problem. Typically, privileges are restored once payment has been received; however, someone could have been overlooked. Tom and Sarah added that the members should check with their IT Departments to insure that the MAPPO web-site has been white listed.

Legislative Affairs Committee Report

Dan Doucette gave an update on the progress being made on the Construction Laws by the Construction Law Working Group. He noted that the governor has not approved their recommendations. He and John Robertson (from MMA) will follow-up at the MMA Conference. The question of: “If you leave something off the prequalification is it fraud?” , has not yet been settled.

The MMA Conference is January 24th and 25th. MAPPO will be sharing a booth with MMA from 1-3 p.m. on January 24th. Mary, Dan and Tom will be manning the both. If you would like to help e-mail Tom.

Mary thanked Dan for all his hard work.

Speaker Committee Report

Angela has nothing new to report. She and the committee are working on the topics for the Spring Conference.

Working Group Committee

No Report

Good & Welfare Committee

No Report.

Seminar Committee

Cheryl Levinson was unable to make today's meeting so there were no updates regarding the Spring Conference will be a two day conference scheduled for Thursday May 15th and Friday, May 16th. The event will be held in Rockport.

Mary discussed the possibility of changing the format of the conference. In the past all the members received the same training at the same time. However, since there are so many new members the committee is discussing the possibility of having several breakout sessions. Some of the sessions would focus on the needs of the new members while other sessions would assist the more seasoned members. The committee is also looking at panels. Any comments or suggestions can be posted to the web-site.

Announcements

The next meeting will be on February 12th at Kowloon, Saugus. This meeting will be held on the 2nd Wednesday to avoid school vacation. It will be hosted by Michele Wendell.

The March 19th meeting will be at the Hilton Garden Inn in Burlington, hosted by Debra Harvey.

Recognitions

None

Old Business

None

New Business and Member's Agenda Items

CommBuys

Maureen Doherty, became a CommBuys liaison for the municipalities. She attended the kick-off meeting in December but, was disappointed that no other members attended. Maureen wants to help insure that the municipalities needs are met. She suggested that the members visit the CommBuys page and ask questions.

Bonnie Haymon, OSD Outreach Coordinator, encouraged the members to visit OSD Home Page – under CommBuys, left side of page, you can ask questions. Bonnie noted that the trainings will begin in February. Trainings will be held all over the Commonwealth.

Bonnie also noted that OSD will have a table at the MMA Conference. There will also be a representative from CommBuys.

MHEC

Ellen Bickelman updated the membership on the latest contracts. There is a new AO-1 appliance contract. This contract focuses more on residential appliances and includes items such as: window air conditioners, televisions, micro-fridges and other household appliances. This contract should meet the needs of Housing Authorities.

There is a new office supply contract with Office Depot and Staples. Since, OSD has contracts with New England Office Supply and WB Mason the membership will have the flexibility to choose from the four biggest suppliers.

There is a new bid in process for athletic gym/field equipment. This contract will include uniforms, equipment, sports medicine and water sports. The contract should be completed in February or March.

MHEC is collaborating with the Council of Governments Hampshire COG. The COG represents 16-18 municipalities. The contract being worked on is for the removal of hazardous waste: medical, chemical (disposal and clean-up) and hazardous waste consultation.

Question

Nick, City of Newton, asked the membership whether or not gives out their vendor lists to the bidding vendors before the bid is opened. There were different points of view regarding this question. Many members give out the list. It is public information. Some said they only give it out after the bid opening. Dan stated that you must give out the list for any Chapter 149 projects but that it is not a requirement for Chapter 30B. Some suggested that it could be posted at the office or made available on the town's website, but don't mail it to the vendors. Somerville stated that they will give the list to only those who attend the pre-bidders conference. There was also a suggestion to consult with the IG's office or your City Solicitor.

Meeting Adjourned

President Mary Delaney closed the meeting at 2:15 p.m.

Respectfully submitted,
Sandra L. Marquis, MAPPO Co-Secretary