



Inspector General Insights

Background: On July 14, 2021, the Office of Inspector General (OIG) received a request from Collier County (County) Community and Human Services (CHS) to perform an independent review of the invoices, estimates, and corresponding documentation submitted by Life Network of Southwest Florida, Inc. dba Collier Community Abstinence Program (Life Network/Subrecipient) in support of their seven payment requests for the reimbursement of COVID-related services, supplies, and equipment from various vendors.

CHS staff indicated that they initially observed multiple discrepancies on the invoices and corresponding documentation submitted by the Subrecipient including but not limited to, irregular invoices, duplicate invoices, copies of checks that did not display an authorized signature, and corresponding documentation with an inconsistent signature. Additionally, they advised that many of the expenditures submitted for reimbursement appeared to benefit the private interest of the Subrecipient's board members or directors, including invoices for services to a director's company and extremely large payments to a related party to perform video services.

Objective: The OIG reviewed documentation submitted by the Subrecipient and related emails to determine if they complied with associated U.S. Code(s), Florida Statutes, Collier County Ordinance(s), the Collier CARES Community Services: Not-For-Profit/Health application submitted on October 26, 2020, the CARES Act – Community Non-Profit, Healthcare, and Public Safety Program Agreement (signed on December 15, 2020), and the Collier County Assistance Program Agreement executed on April 13, 2021.

The OIG considered the following allegations:

1. That the organization made a false written declaration when their representative applied, attested, and electronically signed the Collier CARES Community Services Grant programs application on October 26, 2020, certifying that the application and corresponding documentation were true and accurate.
2. That the organization made a false written declaration when their representative attested, signed, and submitted for reimbursement of seven Collier County Community & Human Services Request for Payment packages, which included falsified and altered invoices and corresponding documentation.
3. That the organization altered original vendor's invoices, and created falsified invoices and corresponding documentation, in support of seven payment requests that were submitted to the County for the reimbursement of services, supplies, and equipment from various vendors.

Scope: The OIG conducted an examination and evaluation of the Original Payment Requests #1, 2, and 3, the second submission of Payments Requests #1, 2, 3 & 4, and all related supporting documentation submitted by the Subrecipient. Thereafter, the OIG conducted multiple sworn interviews. After referral, the OIG assisted Law Enforcement in sworn interviews they conducted.

Observations: The OIG's examination of a copy of the Collier CARES Community Services: Not-For-Profit/Health application revealed that the Subrecipient signed an attestation and certification of compliance with federal, state, and local regulations on October 14, 2020:

- By signing this attestation/certification, the Subrecipient further certified that they were aware that if Collier County CHS finds that the Subrecipient has engaged in fraudulent actions or intentionally misrepresented facts on the application, the application will be rejected and the Subrecipient may be unable to participate in any program for three (3) fiscal years.
- The Subrecipient then signed a certification upon submitting the application on October 26, 2020, where they affirmed that the information provided in the application is true and accurate to the best of their ability, and they understood that knowingly making a false written declaration may be charged as a felony of the third degree.

According to Part II – Grant Control Requirements; Section 2.4 – Prevention of Fraud, Waste, and Abuse included in the CARES Act – Community Non-Profit, Healthcare, and Public Safety Program Agreement (signed on December 15, 2020), and the Collier County Assistance Program Agreement executed on April 13, 2021, states:

“Subrecipient shall establish, maintain, and utilize internal systems and procedures to prevent, detect, and correct incidents of fraud, waste, and abuse in the performance of this Agreement, and to provide for the proper and effective management of all program and fiscal activities of the agreement.”

These agreements also state,

“Subrecipient acknowledges that 31 USC Chapter 38, Administrative Remedies for False Claims and Statements, applies to the actions, pertaining to this contract, of the Subrecipients and its contractors.”

Additionally, Part IV – General Provisions; Section 4.34 – False Claim; Criminal, or Civil Violation included in both of the above-mentioned agreements states:

“Subrecipient must promptly refer to County any credible evidence that a principal, employee, agent, contractor, subgrantee, subcontractor, or other person has either (i) submitted a false claim for grant funds under the False Claims Act or (ii) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving subaward agreement funds.”

Between October 22, 2021, and November 18, 2021, the OIG interviewed current and former board members and directors regarding their involvement and/or knowledge of issues relating to our preliminary review. The preliminary review and all interviews were conducted in accordance with the Commission for Florida Law Enforcement Accreditation standards, and the Association of Inspectors General Principles and Standards for Offices of Inspector General, Quality Standards for Investigations.

The OIG found substantial evidence to support that a total of \$123,230.72 out of the total reimbursement request of \$206,847.97, included fraudulent and altered invoices and corresponding documentation. The OIG also determined that the remaining amount of \$83,617.25 was ineligible

for reimbursement due to procurement and conflict of interest issues. Therefore, the OIG determined that the entire amount of \$206,847.97 was questionable. Examples supporting these findings follow.

- When the OIG asked one vendor to submit their actual invoice directly to the OIG, the actual invoice indicated that the professional services were performed for another entity, not Life Network. These services for the other entity were unrelated to COVID, as the original invoice was from January 2020, prior to the declaration of the epidemic. However, the invoice submitted to the County for payment by Life Network revealed that their invoice was created using an invoice template from “Invoice Maker,” which showed the vendor’s address was misspelled, and the created invoice did not include the vendor’s company logo or other identifier. Further, the description on the created invoice indicated that the services were for Life Network, for COVID-related expenses in April 2020, after the epidemic (as only COVID-related expenses were eligible for the grant).
- Another invoice submitted for payment was also created by “Invoice Maker,” and showed discrepancies in the invoice dates, the client addresses used, and the breakdown of professional services. Again, the created invoice added that these services were, “*due to COVID-19 services and charges were incurred.*”
- Two other invoices for professional services were created using “Invoice Maker,” and 19 invoices from a director’s company totaling \$36,837.50 were found to be created “*Powered by ZOHIO Invoice.*” There were two copies of a Memorandum of Understanding (MOU), dated February 23, 2020, from the director’s company that were submitted in support of the invoices. In reviewing emails and other supporting documentation, the OIG determined that the invoices and MOU were falsified, as subsequently confirmed by the director in a sworn statement.
- The invoices for two other vendors contained many inconsistencies. An examination of the properties and metadata revealed that the invoices were created and modified approximately one hour before the Life Network representative uploaded the copies to the County’s portal for reimbursement.
- For the vendor with the highest number (47) and dollar amount of invoices submitted for payment, the OIG discovered that some of these “pdf” invoice documents submitted revealed a “markup” tracking history of changes made by Life Network’s representative, such as that shown to the right. The OIG also found other invoices submitted for grant reimbursement from this vendor with similar alterations.

The OIG’s research, interviews, reviews and examination of estimates, invoices, and all related supporting documentation submitted by the Subrecipient revealed multiple irregularities and signs of an alleged scheme to defraud the Board of County Commissioners, the CHS office and the Collier County Clerk of the Circuit Court. The three allegations were therefore **SUBSTANTIATED**.

Recommendations & Actions: Based on these findings, the OIG made the determination to refer this investigation to law enforcement authorities for criminal/prosecutorial consideration. As part of the referral process, the OIG prepared an investigative report and provided resources and assistance to law enforcement authorities.

Conclusion: Law enforcement found it difficult to get cooperation from the primary witnesses. This included a long-time supplier for Life Network, whose invoices showed irregularities between the original invoices generated by his system, and those invoices submitted to the County by Life Network for reimbursement under the grant. Additionally, their out-of-state attorney, whose invoice contained similar irregularities, refused to honor an out-of-state subpoena.

In 2023, law enforcement decided not to move forward with prosecution of the case.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	# Observations / Recommendations
93	\$ 206,847.97	\$ 206,847.97	\$ 206,847.97	9