



# *Office of Inspector General*

## Integrity Awareness

## Program



THE PORT AUTHORITY OF NY & NJ

# *Components of Integrity Awareness Program*

- Publicizing the Office of Inspector General
  - Posters
  - Employee E-Net
  - Website
  - Memoranda at Holiday Time
- Training
  - Trained more than 6,200 staff
    - Includes PA employees, contract employees, consultants
    - Includes Contractors working at the WTC site
  - Developing an on-line refresher course/exam
- Other Exposure
  - Background Investigations of High Level/Security Sensitive Applicants
  - Vetting of Potential Contractors/Vendors
  - Meetings with New Senior Management Staff
  - Attending Pre-Construction Meetings



# If you know something, say something.

**Report fraud to the Office of Inspector General.**

Reports remain strictly confidential and can be made anonymously.

Employees are protected from retaliation under the Port Authority's Whistleblower Protection Policy (AI 20-1.18).

**To report, call: 973.565.4340**

E-mail: [InspectorGeneral@panynj.gov](mailto:InspectorGeneral@panynj.gov)

Fax: 973.565.4307

Mail: Port Authority of NY & NJ  
Office of Inspector General

Attn.: Hotline

P.O. Box 2018

Hoboken, NJ 07030



THE PORT AUTHORITY OF NY & NJ



THE PORT AUTHORITY OF NY & NJ



- [OIG Home](#)
- [Report Fraud](#)
- [Programs](#)
- [Contact the OIG](#)

## Office of Inspector General (OIG)

### Suspect Fraud? Report it!

The Port Authority of NY & NJ's Office of Inspector General (OIG) works to keep the Agency corruption-free.

### Mission

The mission of the OIG is to enhance and defend the integrity of the Port Authority's programs and operations. To accomplish this mission, the OIG detects, receives, and investigates allegations of fraud, corruption, waste, and abuse with respect to employees, or other individuals or organizations doing business with the Port Authority, who attempt to corrupt or unlawfully interfere with Port Authority operations.

The OIG was established as an independent office in August 1992, and furthers its mission through two separate offices: Audit and Investigations.

Robert E. Van Etten, Inspector General

### Audit Department

Robert A. Sudman, Director

The Audit department evaluates and improves the Port Authority's internal controls and risk management. Audit also provides internal auditing services for the Port Authority, including reviews of business processes, systems and operations, and examines records of tenants and contractors doing business with the Port Authority.

### Office of Investigations

Michael Nestor, Director

The Office of Investigations looks into criminal and serious administrative



### Report Fraud Online >

A secure and effective means to report fraud.



### Security App for Your Mobile Device

You can download the Port Authority Police hotline number directly to your phone. From your mobile device, click on the appropriate link below.



- [Android](#)
- [BlackBerry Storm](#)
- [BlackBerry \(non-Storm models\)](#)
- [iPhone](#)



December 2012

Dear World Trade Center Construction Manager/Contractor/Subcontractor/Consultant/Vendor:

As the Holiday Season approaches, please note that Port Authority staff, the Port Authority's Construction Managers' staff, and Consultants are prohibited from accepting gifts of any kind from any Contractor, Vendor or other individual doing business with, or is likely to do business with, the Port Authority or its' Construction Managers on the World Trade Center project.

Please refrain from offering gifts to Port Authority staff, Construction Managers' staff, Consultants or anyone else representing the Port Authority.

Similarly, all Construction Managers' staff, Consultants, and anyone else representing the Port Authority must refrain from accepting gifts of any kind from any potential Subcontractor or Vendor.

All Port Authority staff has been trained on this policy.

If an individual offers a gift, which can come in many forms, including but not limited to: entertainment, meals, and gift certificates, please decline the gift and advise the individual offering the gift of this policy.

Your cooperation is appreciated.

Happy Holidays!

  Steven Plate  
Deputy Chief of Capital Planning/  
Director, World Trade Center Construction

Robert E. Van Etten  
Inspector General

**From:** PA Broadcast

**Sent:** Friday, December 14, 2012 1:18 PM

**Subject:** Office of Inspector General Announcement

**THE PORT AUTHORITY OF NEW YORK & NEW JERSEY  
PORT AUTHORITY NEWS BULLETIN**

**Office of Inspector General  
Bulletin #12-01**

December 14, 2012

**Holiday Gifts**

As the holiday season approaches, persons who do business with Port Authority employees (such as vendors, contractors and consultants, tenants, concessionaires, and patrons), may wish to show their appreciation to Port Authority staff by offering them gifts or gratuities. Although this may be a sincere gesture on their part, Port Authority policy does not allow employees to accept gifts or gratuities of any kind from persons with whom we do business or are likely to do business. This policy helps to avoid any perception that the offer is part of a quid pro quo or that an employee is, or would tend to feel, obligated to any actual or potential Port Authority business partner.

Under Port Authority policy, staff also are generally forbidden to accept discounts on merchandise or services or favors such as entertainment, meals, and transportation, either free or at reduced rate, from any individual or organization with whom we do business or are likely to do business.

For more information, please refer to *Serving in the Public Interest: The Guide to Port Authority Ethical Standards* (November 2000) and the following source documents: [AI 20-1.06, Giving or Accepting Gifts or Gratuities](#) (Revised May 31, 1979); [AI 20-1.15, Code of Ethics and Financial Disclosure](#) (Revised April 11, 1996) and the [General Rules and Regulations for all Port Authority Employees](#) (April 1990).

**// Original Signed By //**

Robert E. Van Etten  
Inspector General



**THE PORT AUTHORITY OF NY & NJ**



# *Office of Inspector General*

## **Integrity & Bribery Awareness**



THE PORT AUTHORITY OF NY & NJ

## *Integrity Awareness Definitions*

- **MALFEASANCE** – The wrongful performance of an act that the actor has no right to perform. Misconduct or wrongdoing, especially by a public official.
- **MISFEASANCE** – Improper or unlawful execution of an act that in itself is lawful and proper.
- **NONFEASANCE** – Failure to perform an act that is either an official duty or a legal requirement.
- **IMPROPRIETY** – Improper behavior, act or remark. The quality or state of being improper.
- **APPEARANCE OF IMPROPRIETY** – Actions which in and of themselves are not improper but which may incorrectly lead an impartial observer to assume the contrary.



## *Integrity Awareness Definitions continued...*

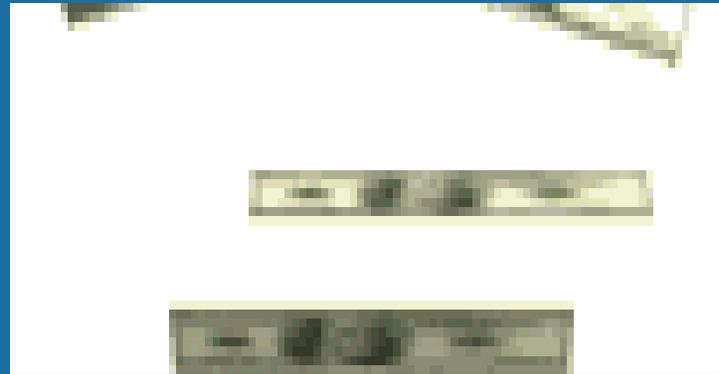
- **CONFLICT OF INTEREST** – Arises when an individual is in a position to influence the business, research, or other decisions of the Port Authority in relationship to an outside organization in ways that could lead directly or indirectly to financial gain for the individual and/or give improper advantage to others to the detriment of the Port Authority.
- **ACCOUNTABILITY** – An obligation or willingness to accept responsibility or to be held accountable for one's action or inaction.
- **DUE DILIGENCE** – Reasonable research to find all facts regarding an employee or potential employee that would be of material interest to an employer or supervisor. It may or may not uncover all such facts, but it should be done in a manner reasonably calculated to do so in an effort to acquire valid insight into actual or potential performance or behavior of an individual.



## *Integrity*

The American Heritage® Dictionary of the English Language defines integrity as:

**Steadfast adherence to a strict moral or ethical code.**



# ***Ethics***

## ***Definition:***

***The study of the general nature of morals and of the specific moral choices to be made by a person; moral philosophy.***



# ***Internal Controls***

## ***Six Elements of Internal Control:***

- **Trustworthy and Competent Employees**
- **Proper Authorization Procedures**
- **Adequate Documentation**
- **Segregation of Duties**
- **Protection of Assets**
- **Independent Performance Checks**



***ACCOUNTABILITY!***



**THE PORT AUTHORITY OF NY & NJ**

## *Typical Frauds Relating to Public Construction*

- **False Statements**
- **False Claims**
- **Corruption – Bribery, Gratuities, Conflicts of Interest**
- **Bid Rigging**



## ***Major Contract Fraud Schemes***

- **Product Substitution**
- **Accounting Frauds**
- **Minority/Woman/Small Business Fronts**



## ***Typical Frauds Relating to Procurement***

- **Bid Fixing** – suppliers obtain inside info from an employee in exchange for payment
- **Bid Rigging** – suppliers manipulate the purchasing process through collusion
- **Kickbacks**
- **Supplies for Personal Use**
- **Dummy Suppliers**
- **Substandard Goods or Services/Short Deliveries**



## ***Procurement Fraud Red Flags***

- Higher prices, lower quality
- Consistent Shortages
- Regular Deviations from Established Procedures
- Poor, Inaccurate or Non-Existent Recordkeeping
- Inexperienced Buyers Dealing With Overbearing Suppliers
- No Segregation of Duties
- Informal Communication Methods Between Procurement Staff and Suppliers (calls to mobile phones or personal e-mail addresses)
- Visible Evidence of Employees Living Beyond Their Means



# *Gratuities*

*Acceptance of gratuities is improper and illegal*

*Gratuities are defined as:*

- Gifts
- Favors
- Entertainment
- Noncommercial Loans
- Cost, discount or bargain purchase
- Other things of monetary value (e.g. travel, lodging, meals)



# *Gratuities*

*Legally defined:*

**Being a public official**

- **Demands, seeks or accepts**
- **Anything of value**
- **Other than what is provided by law**
- **For or because of an official act**



## ***Gratuities – General Rules***

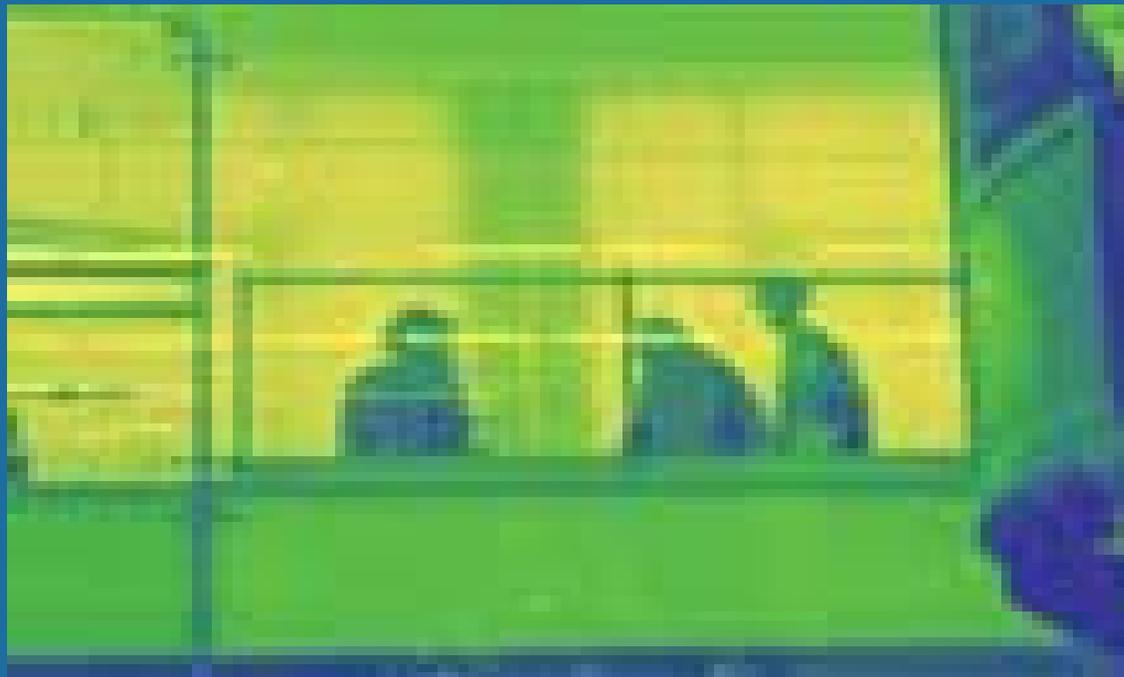
***Employees may not accept gifts from a person or entity that:***

- **Is seeking official action by the employee's agency**
- **Is doing business with or seeking to do business with the employee's agency**
- **Is regulated by the employee's agency**
- **Has interests that may be substantially affected by performance or nonperformance of the employee's official duties**



## *Employees' Responsibilities*

- Act impartially
- Avoid any appearance of a conflict of interest



## ***Definition of Bribery***

***Involves anything of value given or promised to induce a person to do something illegal or wrong***



## *Elements of the Crime of Bribery*

Legally Defined:

*Whoever:*

- Offers or promises
- Anything of value
- Public official
- With intent
- To influence an official act



## ***Bribery Indicators***

### ***Consider:***

- ***Employee's behavior***
- ***Employee's family circumstances (e.g., divorced)***
- ***Employee's financial situation (e.g., living beyond his/her income)***



## *Why Report Bribe Attempts?*

### *To Protect*

- *Port Authority's integrity*
- *Other employees*
- **YOURSELF**



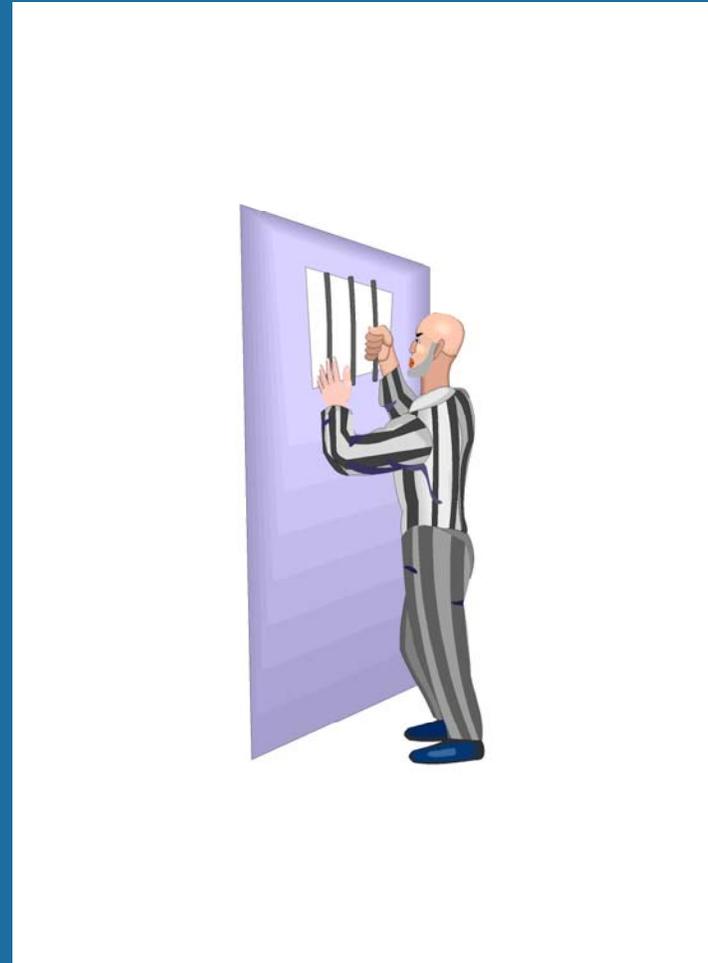
## *Bribery Investigations*

- A successful bribery investigation requires cooperation between Port Authority employees and the Inspector General's Office



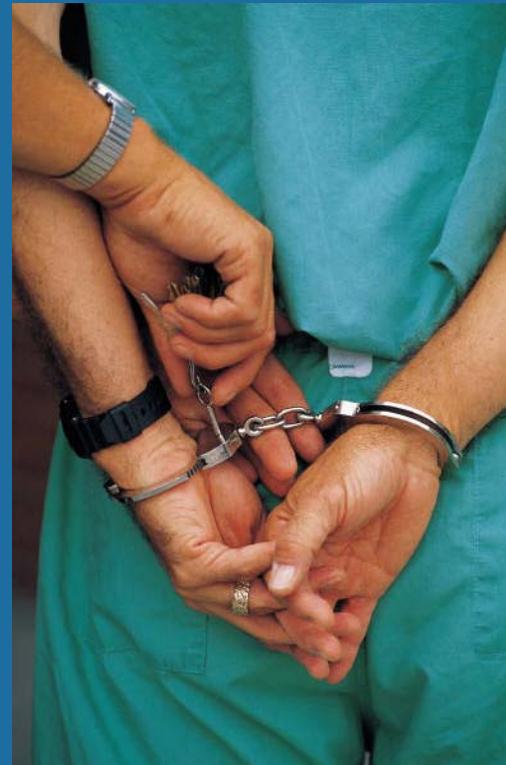
## *Penalties for Conviction*

- Imprisonment
- Fine
- Forfeiture of Assets



## *Repercussions of Taking Bribes*

- Arrest and Prosecution
- Time in Jail
- Substantial fines
- Loss of your job
- Loss of your pension
- Loss of status in your profession
- Loss of status in your community
- Economic Loss
- Embarrassment to Family





***PORT AUTHORITY'S  
WHISTLEBLOWER POLICY***



**THE PORT AUTHORITY OF NY & NJ**

## ***Reporting Misconduct***

**AI 15-5.03 requires employees to report to the OIG:**

**Wrongdoing**

**Fraud**

**Waste**

**Abuse**



## ***Adverse Personnel Action***

**AI 20-1.18 (Whistleblower Policy) states that No “adverse personnel action” shall be taken against an officer/employee solely as the result of his/her :**

- **making a truthful report of information, concerning conduct referenced above, to the OIG;**
- **objection to, and/or refusal to, participate in misconduct; or**
- **cooperation with an investigation by a public body.**



## ***Adverse Personnel Action – Continued***

### **Examples of Adverse Personnel Actions**

- **Dismissal**
- **Demotion**
- **Suspension**
- **Transfer**
- **Change of assignment**
- **Change of work hours**
- **Negative performance evaluation**



## ***Inspector General Investigation***

**Allegations of retaliatory action will be investigated by the OIG.**

**OIG investigation will determine whether:**

- 1. There was an adverse personnel action;**
- 2.       a. There was a report, of the type of information protected, to the OIG; or**  
**b. Confirm that the officer/employee objected to, and/or refused to participate in misconduct; or**  
**c. Confirm that the officer/employee cooperated in an investigation by a public body.**
- 3. Retaliatory action was taken against the officer/employee solely as a result of, or in retaliation for, one of the above actions.**



## *Office of Inspector General*

### Office of Inspector General Contact Numbers:

**Tele: 973-565-4340**

**Fax: 973-565-4307/4347**

**24/7 Pager: 917-788-6277**

**E-Mail: [InspectorGeneral@panynj.gov](mailto:InspectorGeneral@panynj.gov)**



**THE PORT AUTHORITY OF NY & NJ**