



U.S. DOC Inspector General Office of Investigations

Recovery Act Oversight Program Fraud Prevention Training





Department of Commerce OIG Investigations

Who We Are

- We are a federal law enforcement branch within the DOC Office of Inspector General, primarily staffed with:
 - Special Agents / Criminal Investigators
 - Computer Crimes Unit
- Our investigative authority includes pursuing allegations of:
 - Criminal violations
 - Civil fraud violations
 - Administrative violations



Department of Commerce OIG Investigations

Investigative Jurisdiction

Our investigative jurisdiction includes monitoring all of the funding (i.e. contracts & grants), programs, and employees of DOC Headquarters and each of the DOC bureaus:





What We Investigate



- Grant frauds
- Contract frauds
- Antitrust violations
- Embezzlements
- Property thefts
- Conflicts of Interest
- Bribery, kickbacks
- False claims & invoices
- False statements & certifications
- Bank fraud
- Money laundering
- DOC credit card abuse
- Identity theft scams



What is Contract and Grant Fraud?

Contract / Grant Fraud

“An act of deceit, trickery or deliberate neglect, committed by a federal funding recipient against the funding agency for the purpose of gaining something of value.”

One or more of the following acts has usually occurred:

- Misappropriation of federal funds or property
- Deliberate neglect of procurement rules and guidelines
- Deliberate falsification of information



Keeping it Safe

**Please consider our
"Tips for Keeping it Safe" ...**



Keeping it Safe

Tips for Keeping it Safe

- Follow government rules, regulations and guidelines
- Act in good faith
- Ask questions - do not assume the answers
- Report accurate information
- Promote efficiency, honesty and professionalism
- Maintain fraud prevention refresher training
- Provide employees with a copy of contracting rules and regulations



Keeping it Safe

Tips for Keeping it Safe

- Avoid “grey areas” or risky situations with subcontractors
- Require full disclosure from employees and subcontractors
- Reward employees for identifying project weaknesses, waste, fraud and abuse
- Stay organized
- Report any problems timely and with full disclosure
- Communicate openly and often with your agency representative



FRAUD PREVENTION

**Please be aware of the following
Red Flags a.k.a.
“THINGS NOT TO DO” ...**



FRAUD PREVENTION

PRE-AWARD THINGS NOT TO DO

- Bid rigging – bidding arrangements are NEVER permitted
- Price fixing and/or pricing agreements
- Scams and fraudulent agreements with subcontractors
- Defective & inflated pricing
 - Salaries
 - Consultants
 - Equipment
 - Goods and services



FRAUD PREVENTION

PRE-AWARD THINGS NOT TO DO

- Offer bribes, gifts or gratuities to government officials
- Give false or misleading proposal information
- Withhold information which is required on proposals
- Embellishment - unrealistic performance goals and proposed promises
- Double dip – compete for work identical to another award you already received from another federal agency.



FRAUD PREVENTION

POST-AWARD THINGS NOT TO DO

- Double billing
- Inflated billing
- Poor accounting system
- Deliberate “accounting error”
- Deliberate product overage
- Product substitution
- Shifting costs often from one category or cost account to another without approval



FRAUD PREVENTION

POST-AWARD THINGS NOT TO DO

- Embezzlement of project funds or equipment
- Misappropriation of project funds or equipment
- Deliberate waste of project funds, equipment and resources
- Unauthorized travel costs
- Conflicts of interest
- Less than arms length transactions
- Use of fictitious vendors



FRAUD PREVENTION

POST-AWARD THINGS NOT TO DO

- Give unauthorized personnel access
- Maintain under-qualified personnel
- Falsify time & attendance records
- Maintain “Ghost” employees
- Conduct unauthorized changes to personnel
- Maintain inadequate internal controls (i.e. one person handling everything)



FRAUD PREVENTION

POST-AWARD THINGS NOT TO DO

- Co-mingle projects
- Inappropriate use of cash
- Alter or destroy documents
- Mislead government contracting/program officials
- Mislead auditors/inspectors
- Mislead your employees



FRAUD PREVENTION

POST-AWARD THINGS NOT TO DO

- Claim ignorance of rules
- Interpret rules to your benefit or satisfaction
- Attempt to convince agency representatives to change or ignore the rules
- Neglect or circumvent "Buy American" provisions unless authorized in writing



The Golden Rule...

“The Golden Rule of Fraud Prevention”

WHEN IN DOUBT....DON'T DO IT.

Call your agency representative for appropriate guidance.





Whistleblower Protection

Did you know.....

**Every person working on Stimulus funded projects
has Whistleblower protection?**



Whistleblower Protection

Whistleblower Protection - Recovery Act

The Recovery Act provides explicit protections for ***non-federal whistleblowers***. These protections apply to all contractor and grantee staff working on Recovery Act awards. The Act prohibits funding recipients from discharging, demoting or discriminating against any employee for disclosing any concern to their supervisor, the head of a federal agency or his/her representatives, or the OIG information that the employee believes is evidence of:

- ✓ Gross mismanagement or waste of grant or contract funds.
- ✓ Danger to public health or safety related to the use of funds.
- ✓ Abuse of authority related to the implementation or use of funds.
- ✓ Violation of law, rule or regulation related to an agency contract or grant awarded or issued related to funds.



Whistleblower Protection

Whistleblower Protection - OIG Responsibilities

- Investigate all Whistleblower complaints related to Recovery funds that are not frivolous or being addressed by another official proceeding.
- Report of our findings to the complainant, complainant's employer, head of DOC and the Recovery Accountability and Transparency Board within 180 days (extensions may be applied for).
- Provide a written explanation to complainants and their employers if we decline to pursue a Whistleblower allegation.



Whistleblower Protection

Whistleblower Protection - OIG Responsibilities

- Uphold the Privacy Act – by NOT disclosing information about complainants.
- Provide information in our semi-annual reports to congress to include:
 - Investigations we declined to pursue and
 - Investigations requiring a time extension



We Need Your Help!

PROTECT YOUR TAX DOLLARS!

Americans are counting on you to be responsible with stimulus funding. We rely on your judgment, honesty and professionalism to keep us informed, so we may protect our programs!





Fraud Awareness

Please be on the lookout for...

**ANYTHING that indicates
waste, fraud or abuse**



Contact Information

OIG HOTLINE

Phone: (800) 424-5497

Fax: (202) 482-2803

Email: hotline@oig.doc.gov

U.S. Department of Commerce
Office of Inspector General
Office of Investigations
Recovery Act Oversight Program



For more information
please visit our website
www.oig.doc.gov



Training Completion

Thank you for your participation.

**You have completed the
Fraud Prevention e-training.**