FRAUD - the problem

FRAUD - detection and prevention on the national, State and local level
What is FRAUD

What is Grants Fraud
FRAUD

An illegal act that involves obtaining something of value through willful misrepresentation

GRANTS FRAUD

Using Federal dollars for personal gain or in other ways than the intended use

• **Conflict of interest** - decision making influenced by personal interest

• **Making materially false statements** - submitting documents that are falsified, altered or fictitious

• **Theft** - taking something that is not yours
Fraud with NHTSA Grant funds
Fraud Reported to NHTSA

LAW ENFORCEMENT
- Falsified log sheets
- Falsified tickets/citations
- Forged checks
- Training Officers Association

PRIVATE COMPANIES
- Billing for training hours not worked

OTHER
- Purchased computers and sold for private profit
NHTSA

Dave Ennis,
NHTSA Regional Program Manager R3
What Does Fraud Look Like?

Performance Based

- Voucher contains a large claims for personnel costs
- Unusual number of hours for a specific employee
- Activities performed during hours inconsistent with data
- Enforcement activities inconsistent with reports
What Does Fraud Look Like?

Process

- Supervisor or employees not trained to grant conditions
- Lack of clear benchmark, goals or deliverables for enforcement
- Lack of supervision during grant procedures
- The use of paper forms when electronic verification is available
What Does Fraud Look Like

Transaction Based

- Rate of spending does not correlate to grant activity
- Copies versus original documentation
- Incomplete documentation
- Altered timesheets or work hours contrary to HSP data
- Personnel activity log sheets are different from submitted documents
Effective Strategies

To help reduce fraud, consider:

- Risk Assessments 2 CFR 200.331(b)
- Fiscal monitoring
- Separation of duties in reimbursement
- Grant award meetings
- Verification of claimed activities
- Supervisor must sign the grant activity timesheet
DOT-OIG

Ryan Lefort,
Senior Special Agent
JI-2 HQ OPS
Observations from Investigations

1. Lack of independence in oversight
   • Too close of a relationship between SHSOs and participating Law Enforcement agencies

2. Insufficient documentation
   • Records submitted by participating agencies are inadequate support

3. Inadequate training
   • Grant requirements and administration

All are correctable!
1) Lack of Independence in Oversight

- SHSOs under chain of command for law enforcement heads of state public safety agencies (administrative vs. functional reporting)
  
  - Not neutral/impartial overseers of NHTSA funds
  
  - Real or perceived pressure from commissioned state law enforcement executives in grant administration

- Insufficient/inadequate oversight
2) Insufficient Documentation

- Wide range of what is acceptable at different SHSOs

- Specific documentation required in grant is not always provided
  - Important for SHSOs to uphold the grant’s requirements
  - Inadequate support is often accepted

- Electronic supporting documentation is a best practice
  - Paper supporting records can be a red flag for fraud
3) Inadequate Training

- Adequate Training is Essential
  - Grant Requirements
  - Administration of Grants
  - Documentation Requirements
  - Oversight and Monitoring Requirements
  - Reporting Requirements

- Upholding requirements and following-through with lessons learned in training
  - Stand firm in administration of our taxpayer-funded grant funds for public safety
3) Inadequate Training (continued)

- Improved required training requirements for departments/agencies and individuals charging time to grant funds
  - Covering what’s allowed and what’s not
  - Annual signed statement from participants
    - Acknowledgment of completing training and understand program rules
    - Criminal violations for intentionally submitting false statements/information
General Red Flags

- SHSO administratively or functionally reporting to an agency receiving grant funds

- Repeated poor documentation provided by agency or department

- Lack of cooperation by an agency or department
  - Refusal to provide adequate supporting documentation
  - Inconsistencies in documentation
Specific Red Flags

- An unusually large % of grant money going to an individual or very small group of individuals at a department/agency

- Activity sheets showing all tickets written in first 30 minutes of a 4 hour overtime shift

  - Did they even work the other 3.5 hours claimed?
Specific Red Flags (continued)

- Specialized units (i.e. SWAT, narcotics) or upper management claiming a large % of overtime hours

  - Do they even have the patrol cars and/or other specialized equipment to fulfill grant requirements for specific overtime duties?
Best Practices

- Regular reviews and audits
  - Ideally conducted by and external entity
    - State Audit agency
    - External Auditing Firm
  - Built into grants?

- Verify supporting documentation is sufficient and grant requirements are being met
  - Activity sheets
  - Dispatch logs
  - Require individual tickets as supporting documentation, not just summaries
  - Other types of supporting documentation?
Document and report repeated violators for assistance in obtaining compliance

- Identify training needs
- Other types assistance available to support participating agencies

Openness to contact and communicate with NHTSA and DOT-OIG

- Everyone here wants the best return on investment for our tax dollars
Contact & DOT OIG Hotline

To report fraud, waste, and abuse at DOT, please contact the OIG Hotline

1-800-424-9071

www.oig.dot.gov

www.oig.dot.gov/hotline

Ryan Lefort | Senior Special Agent, JI-2

HQ OPS

Ryan.Lefort@oig.dot.gov (202) 603-5431
Delaware

Sarah Cattie,
Traffic Safety Program Manager
Internal Improvements to Fraud Prevention with Law Enforcement Agencies
Current Internal Controls

- Policies and procedures manual
- Internal controls
- Monitoring of subrecipients
Specific Project Agreement
Certification and Assurances

Project parameters

- Modifications to agreement
- Weather restrictions
- Local benefit
- Single Audit requirements
- E-ticket system
- Electronic DelJIS
Review of Reimbursement Vouchers

Reviewed by six employees before payment

- Law enforcement liaison
- Program manager
- Office of Highway Safety accountant
- Office of Highway Safety Director
- Senior accountant
- Fiscal manager
Steps Taken to Improve Internal Controls

- Transitioned to digital project files
- Required digital timesheets from DelJIS using the Office of Highway Safety report
- Established an electronic grant management system
Smart Simple Grant Management System

Privacy and Security Policies

Security Statement

I acknowledge that access to the Department of Safety and Homeland Security (DSHS) Grant Management Suite gives me access to U.S. Government and State of Delaware information. My use of this system and the information contained therein is limited to grants management. I will take necessary precautions to prevent the unauthorized use, disclosure, or modification of any information and will bring to the immediate attention of my supervisor and DSHS any incident that results, or may result, in the unauthorized use of the system.

This system and equipment are subject to monitoring to ensure proper performance of applicable security features or procedures. Such monitoring may result in the acquisition, recording and analysis of all data being communicated, transmitted, processed or stored in this system by a user.
Smart Simple Grant Management System

Privacy and Security Policies

State of Delaware Terms of Use:

I understand it is my responsibility to enter only true and accurate information into the Grant Management Suite. Willful entry of inaccurate or wrongful information into the Grant Management Suite constitutes fraud. If I engage in fraudulent activity, I understand that I am subject to action taken against me by the State of Delaware up to and including access termination and/or criminal prosecution.
Smart Simple Grant Management System
Smart Simple Grant Management System
Benefits of an Electronic Grant System

- Completely paperless
- Errors can be quickly identified
- Very difficult for an officer to submit fraudulent information
- Multiple users for each agency
- Multiple users of the system
Challenges With an Electronic Grant System

- Training Users
- Need to designate an Administrator
- System requirements for Users
- Signature component
- Financial commitment
Results

- Quicker responses from law enforcement agencies
- Less work gathering information from multiple sources
- Statistics from enforcement are compiled into an easy format
- Delaware is pursuing Phase II in February
Missouri

Scott Jones,
Highway Safety Program Administrator
Missouri Department of Transportation

Highway Safety & Traffic Division

NHTSA - 411 projects, $19 Million

FMCSA/MCSAP - 6 projects, $6.9 Million

8 program staff, 1 finance staff
Missouri Department of Transportation

Major cases

➢ $30,000
  • Falsified Timesheets, News Releases, Statistics

➢ $40,000
  • Falsified Records of Speakers and Trainings Provided
  • Small Husband/Wife non-profit

➢ $18,000
  • Inflated costs, lack of back-up documentation, grant-salaried time not spent on grant project, items purchased not in budget and outside of FY
Minor cases

- Project Manager working all overtime; officers do not know of grant
- Agency not following its own overtime policy
- Inaccurate time recorded by officers
- Nepotism:
  - Police Chief and City Clerk were husband/wife
  - Two agencies chiefs working each others’ grant
- Checking doors/answering calls on grant
Missouri Department of Transportation

Red Flags

- High Turnover
- “Just take that off the voucher”
- Funds not spent until end of year
- In the news
- High OT hours by only a few officers
- Requesting reimbursement prior to expending funds
- Switching between regular and grant time
- Dates not matching
- Hourly rate changing
Strategies to consider

- Ask if they are aware of any fraud/waste/abuse and if so, what was done
- Require good back-up documentation
- Work with your Audits staff
- Monitoring! Both paperwork and training
- Provide copies of Fraud Webinar
Strategies to consider

- Risk Assessment
- Require copies of overtime policies and schedules
- Establish good working relationships. Some of the tips are from “Did you see the news about X”?
- LELs – Officers talk to officers….they provide valuable feedback
- Watch/Read news in your area; sign up for news alerts
Missouri Department of Transportation

Implications of Fraud, Waste & Abuse

- BAD Publicity
- Money paid back, from sub-recipient or State
- More time/salary spent working the case than defrauded
- Changes in policies
- Damaged relationships
Vanderburgh County Sheriff’s Office

Colonel Noah Robinson, Chief Deputy
### Vanderburgh County Sheriff’s Office Activity Sheet

#### Evansville-Vanderburgh County TSP - Traffic Grant Officer Activity Sheet

<table>
<thead>
<tr>
<th>Officer:</th>
<th>ID #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Agency:</th>
<th>Unit #</th>
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<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant Type:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### BLOCK OF HOURS

<table>
<thead>
<tr>
<th>BLOCK OF HOURS</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>PATROL TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Seatbelt</td>
<td>DUI</td>
<td>SAVE</td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>0601-1200</td>
<td>Patrol</td>
<td>Patrol</td>
<td>Patrol</td>
<td>Patrol</td>
<td></td>
</tr>
<tr>
<td>1201-1800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1801-2400</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0001-0600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

#### PATROL TIME

- Start of Shift
- End of Shift
- Physical Arrest Hours
<table>
<thead>
<tr>
<th>OFFENSE TYPE</th>
<th>CITATION OR ARREST</th>
<th>WRITTEN WARNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seat Belt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Restraint</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Container</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underage Alcohol</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misdemeanor DUI - Drugs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misdemeanor DUI - Alcohol</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Felony DUI - Drugs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Felony DUI - Alcohol</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Habitual Traffic Violator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduated License and Learner Permit Violations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texting Citation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motorcycle License and Motorcycle Permit Violations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other License Violation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driving While Susp. (Prior/Misd)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driving While Susp. (Infraction)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Following Too Closely</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improper Lane Usage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automatic Signal / Stop Sign</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driving Left of Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to Yield Right of Way</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improper Turning / &quot;U&quot; Turns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obstructing Traffic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Violations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criminal Misdemeanor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criminal Felony</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Traffic Offense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed - 6 to 10 MPH Over Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed - 11 to 15 MPH Over Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed - 16 to 20 MPH Over Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed - Over 20 MPH Above Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Bus Stop Arm Violation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CITATIONS</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

| PERFORMANCE                                      |                   |
| Traffic Stops per Hour                           | 0.0               |
| Seat Belt Citations per Hour                     | 0.00              |
| Total Citations per Hour                         | 0.0               |
| Contacts per Hour                                | 0.0               |

**Vanderburgh County Sheriff’s Office**

**Activity Sheet (continued)**
### Vanderburgh County Sheriff’s Office Activity Sheet (continued)

#### CITATIONS

<table>
<thead>
<tr>
<th>Cite Number</th>
<th>Cite Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td>10</td>
<td>20</td>
</tr>
</tbody>
</table>

#### CUSTODIAL ARRESTS

<table>
<thead>
<tr>
<th>Charge</th>
<th>Case Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

**Narrative (unusual occurrences, misc information)**

**Coordinator Use Only**

<table>
<thead>
<tr>
<th>Category</th>
<th>Claimed</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Traffic Stops</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Citations (Charges) Issued</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Warnings</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Paid Hours</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Disclaimer**

I hereby certify that the information contained herein is true and accurate. I understand that the information submitted on this form will be used to support a claim against a state administered federally funded program. False statements may result in prosecution under 18 USG § 1001 or IC 35-44-2-1.
The following Traffic Safety Grant Protocol is hereby established pursuant to SOG 3.0205 (Traffic Safety Enforcement Grants) and the current Indiana Criminal Justice Institute grant agreement on file.

Procedures
Any deputy who works overtime within the Traffic Safety Program shall familiarize himself with SOG 3.0205 (Traffic Safety Enforcement Grants) and SOG 3.0206 (OMVWI Procedures).

Central dispatch must be notified of every traffic stop. If circumstances don’t permit the use of the radio, the MCT may be used to initiate a traffic stop. Every traffic stop must have a corresponding CAD event, no exceptions.

Every traffic stop should have a corresponding citation or written warning. Verbal warnings should normally not be given.
A verbal or written warning cannot be counted as a citation. A deleted, voided or un-transmitted citation cannot be counted as a citation. A deleted or voided written warning cannot be counted as a warning.

A verbal warning is not a warning for purposes of grant reporting. A verbal warning may not be documented on a traffic grant activity sheet.

Arrests, citations or written warnings issued by another deputy shall not be documented on a traffic grant activity sheet. Example: If you are assisting an on-duty traffic enforcement unit (e.g. motorcycle unit), you may only count those citations that you physically issued on your traffic grant activity sheet.
Arrests, citations or written warnings that occur during your normal duty shift shall not be documented on a traffic grant activity sheet. Enforcement actions that take place during your normal duty shift (or while working some other form of paid compensation) shall not count towards traffic grant activity.

Arrest hours are defined as the time a deputy spends processing someone in custody. If a physical arrest is made, you may claim arrest hours from the time you made the traffic stop until the time you leave the jail. Arrest hours may not be claimed if you cite and release someone, regardless if the offense was a misdemeanor. You should make every effort not to exceed two (2) arrest hours per person arrested. Unusual circumstances should be documented on the traffic grant activity sheet.
One activity sheet equals one days work. If two (2) grant shifts are separated by a break and occur on the same day, then only one (1) activity sheet need be completed. Two (2) grant shifts on two (2) different days cannot be combined on one (1) activity sheet. If you work a continuous block of hours past midnight, a separate activity sheet does not need to be completed (the activity sheet should use the date it was when the grant shift began).

Grant overtime starts when you make the first traffic stop and ends when you complete the paperwork on your last citation or arrest. You may round up or down in half hour increments (e.g. 1500 hours, 1530 hours, 1600 hours). Example: If you finish up your last traffic stop at 1516 hours, do not turn in a grant sheet that has you working until 1545 hours. You may indicate that you worked until 1530 hours.
The activity on a deputy’s traffic grant activity sheet should reconcile with RMS. Periodically check to make sure your eCite’s are successfully transferred from MobLan and into RMS. Ask post command to return the pink copies of manual citations to you for your records.

Avoid claiming grant hours when you are not performing traffic enforcement. A traffic grant deputy is expected to back up fellow deputies / officers and respond to urgent calls for service if he or she is in close proximity. Document this on your traffic grant activity sheet and explain the negative impact on your contact rate. If an event is going to require more than one hour of your time, ask to be relieved. If your presence is essential or manpower constraints do not permit relief, obtain permission from the duty sergeant to claim regular department overtime. Using ICJI funded overtime for non-traffic enforcement related functions is a violation of the ICJI grant agreement.

Complete your activity sheet carefully and accurately, filling in all relevant boxes and making sure to place values in the correct columns and rows. Consider writing something in the narrative to alert the traffic grant coordinator of an unusual occurrence or notable arrest.
A traffic grant deputy may not “double count” or “stack” OMVWI arrests on the traffic grant activity sheet. Example 1: You arrest one person for Ct1: OMVWI .15 or more as a Class A Misd, Ct2: OMVWI as a Class C Misd and Ct3: OMVWI as a Class D Felony. Under offense type/activity type only one (1) Felony DUI can be claimed. Excluding OMVWI, most other criminal and traffic offenses can be “stacked”. Example 2: You arrest one person on three (3) misdemeanor warrants and a single count of Possession of Marijuana as a Class a Misd. You may count this as four (4) total criminal misdemeanors under offense type/activity type.

Performance Standards
The Sheriff’s Office values quality of work more than quantity of work. However, in order to comply with the terms of the ICJI grant agreement the Sheriff’s Office will adhere to established ICJI performance standards.

A deputy who consistently fails to meet the Performance Standards as outlined in the current ICJI grant agreement may be removed from the program by the Coordinator, but will not be subject to any form of punitive disciplinary action.
SUMMARY

- Internal controls
- Education
- Creating a culture where fraud is not tolerated
- Monitor
- Institute policies and procedures
- Report