NHTSA
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

FRAUD
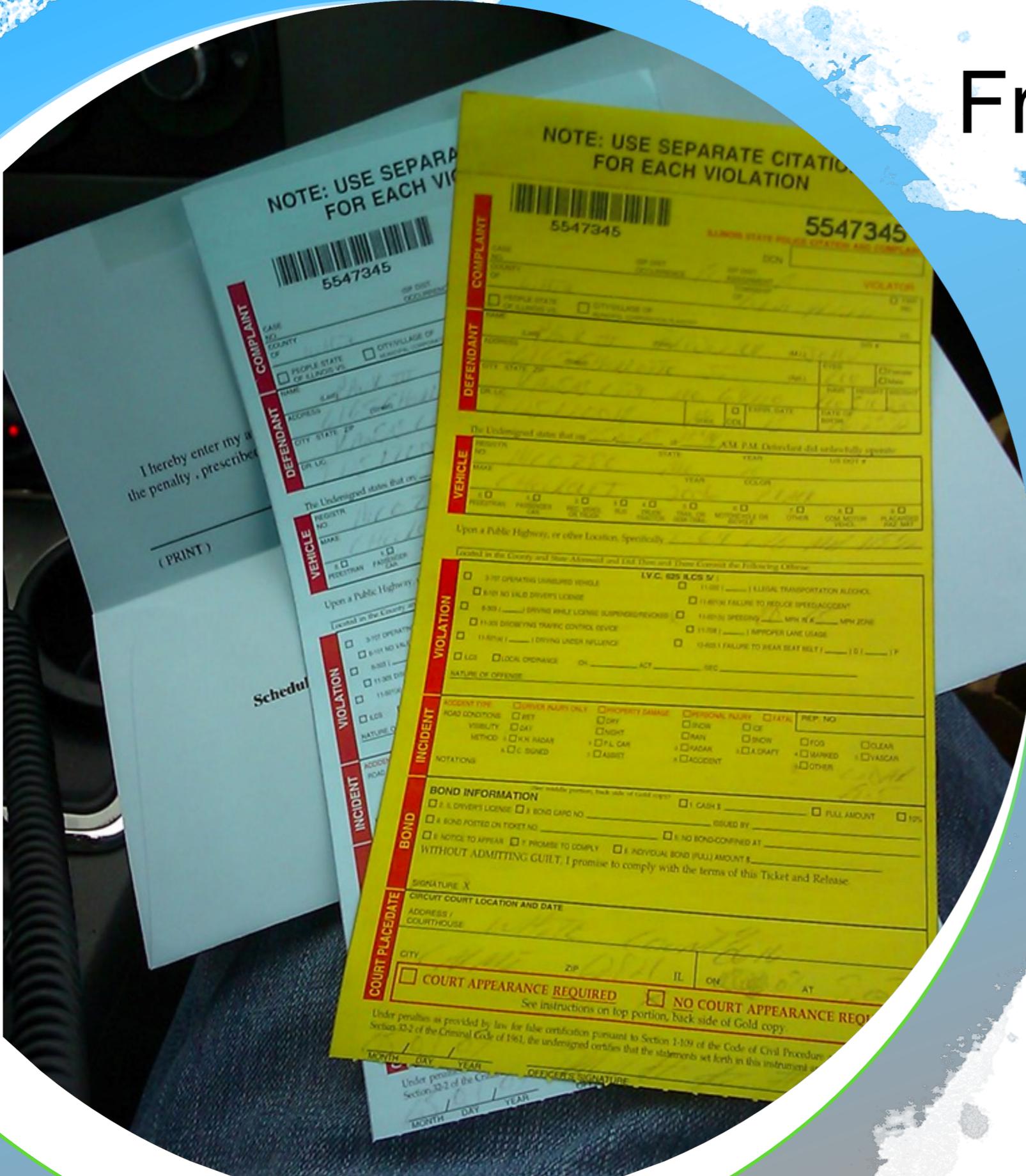*Strategies for Detection and Prevention*

1-29-2020

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
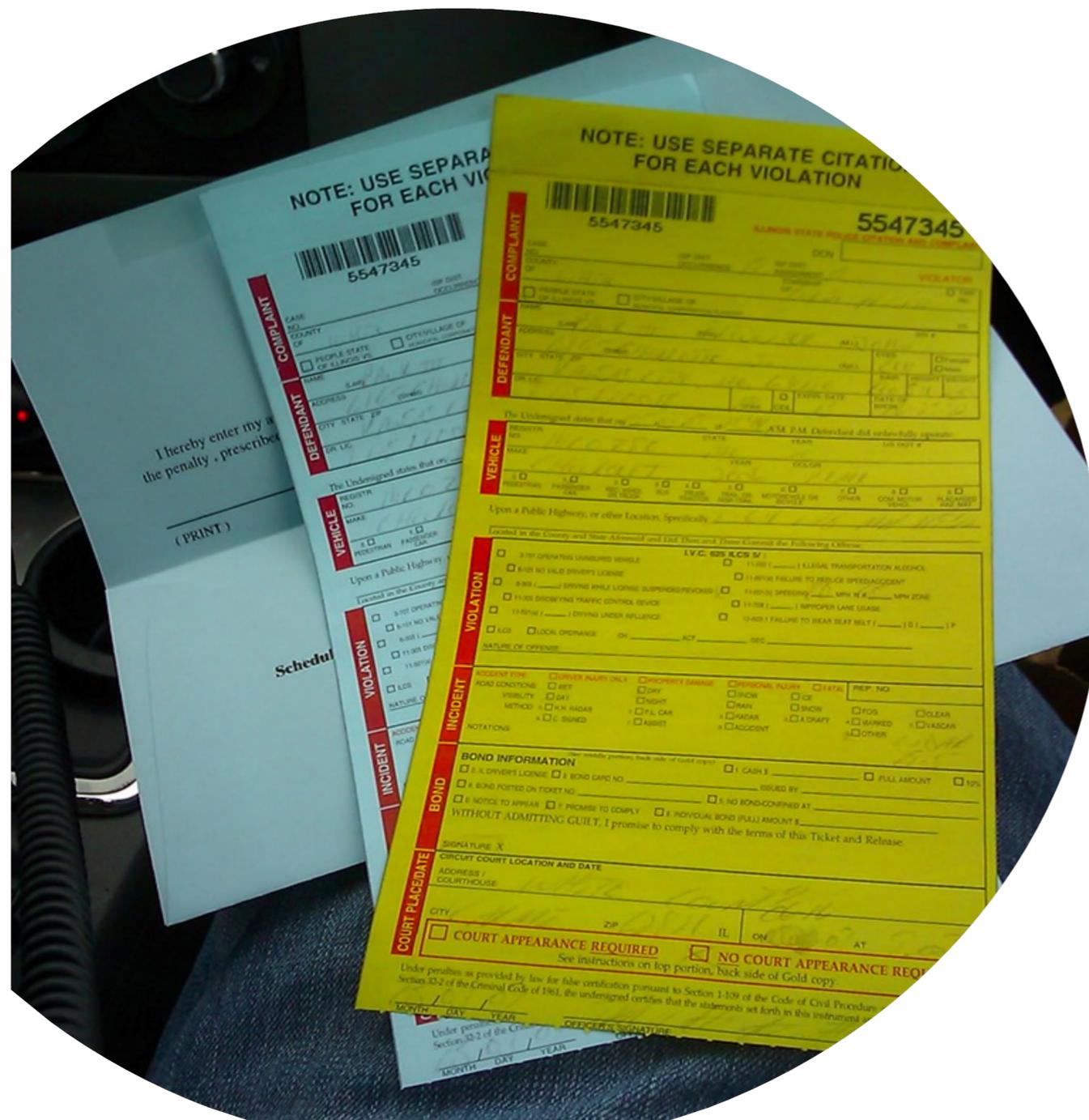
Falsified log sheets

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
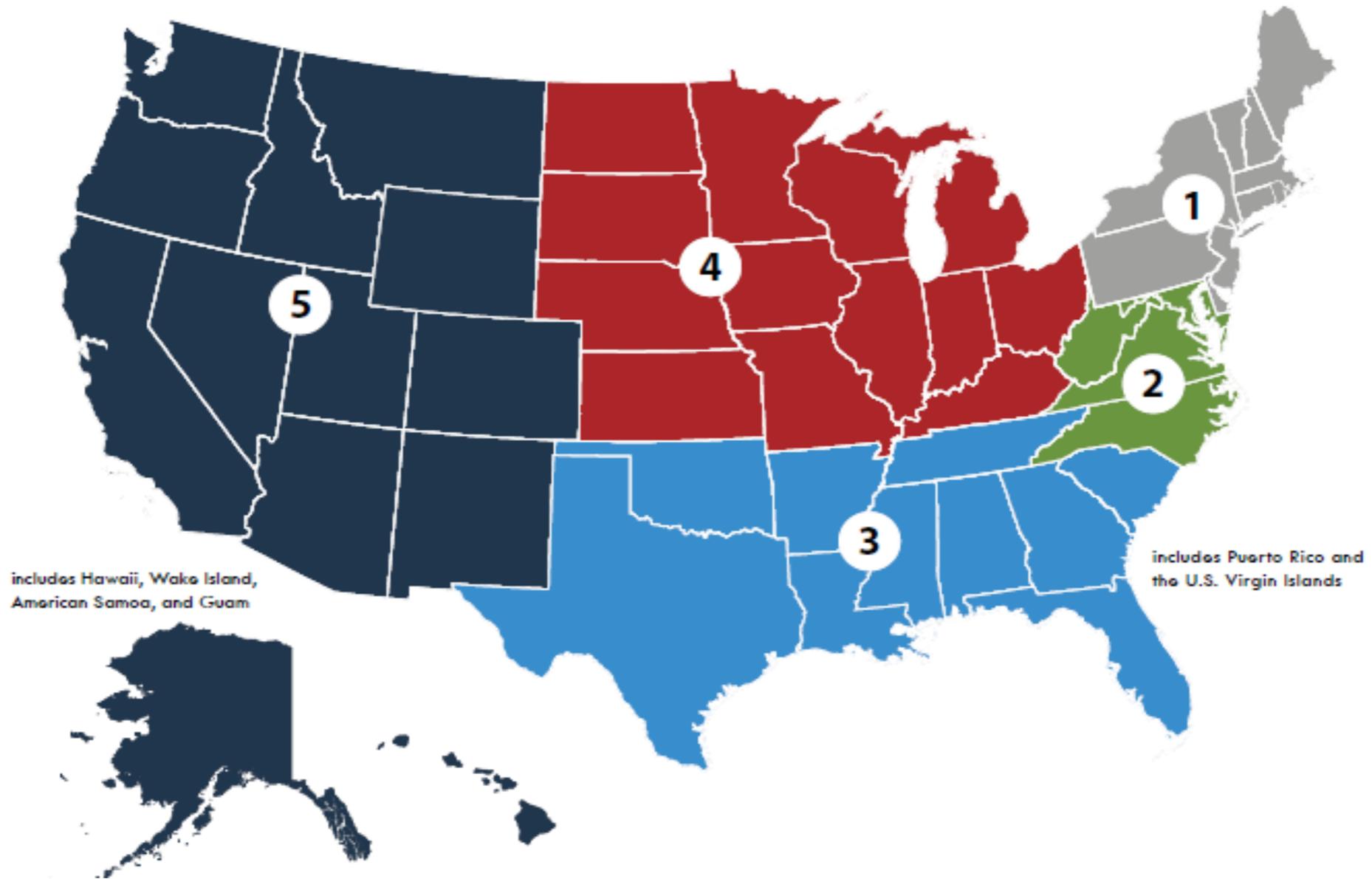
➢ Supervisor must sign the grant activity timesheet

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
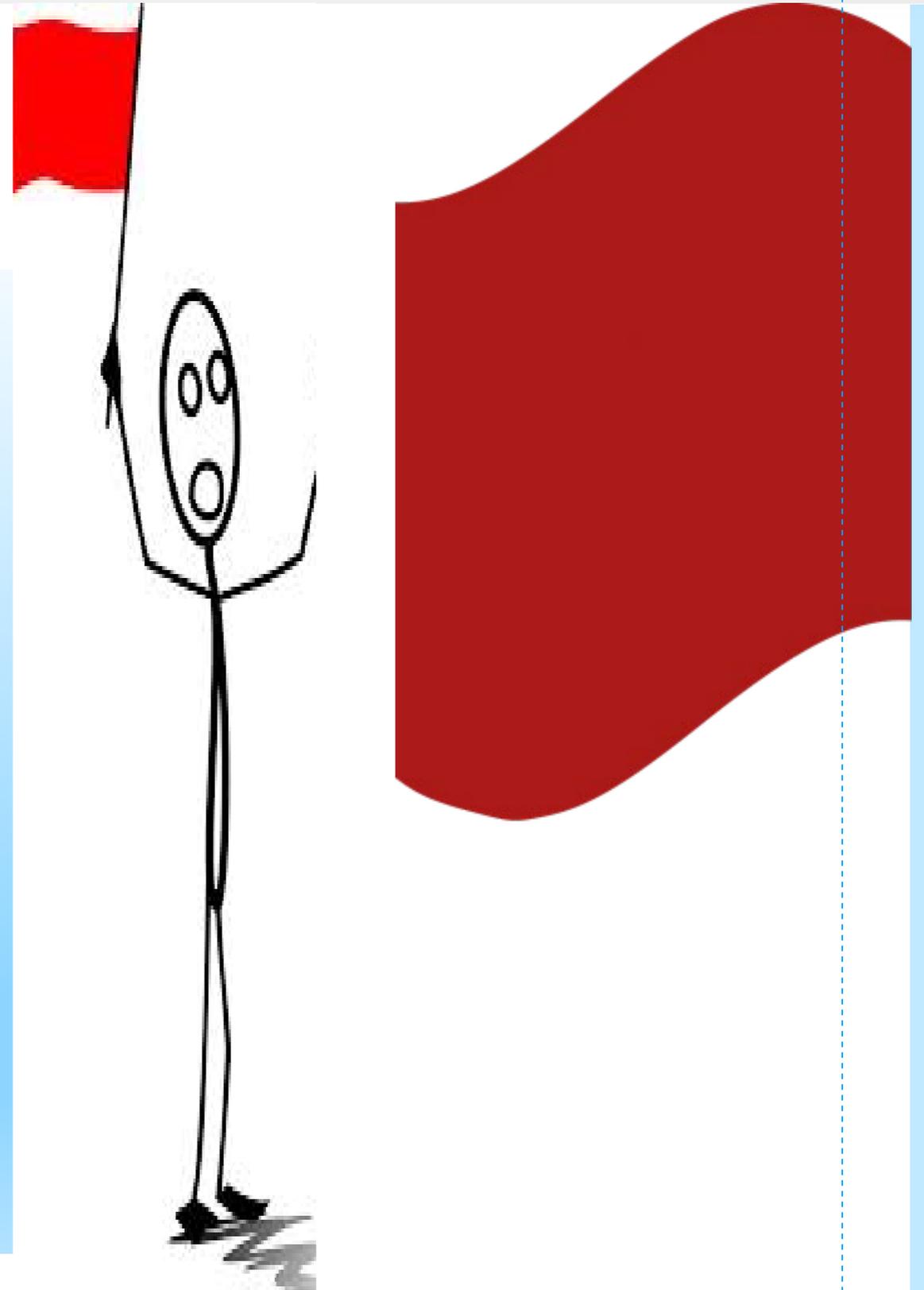
Specific Red Flags

➢ 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?
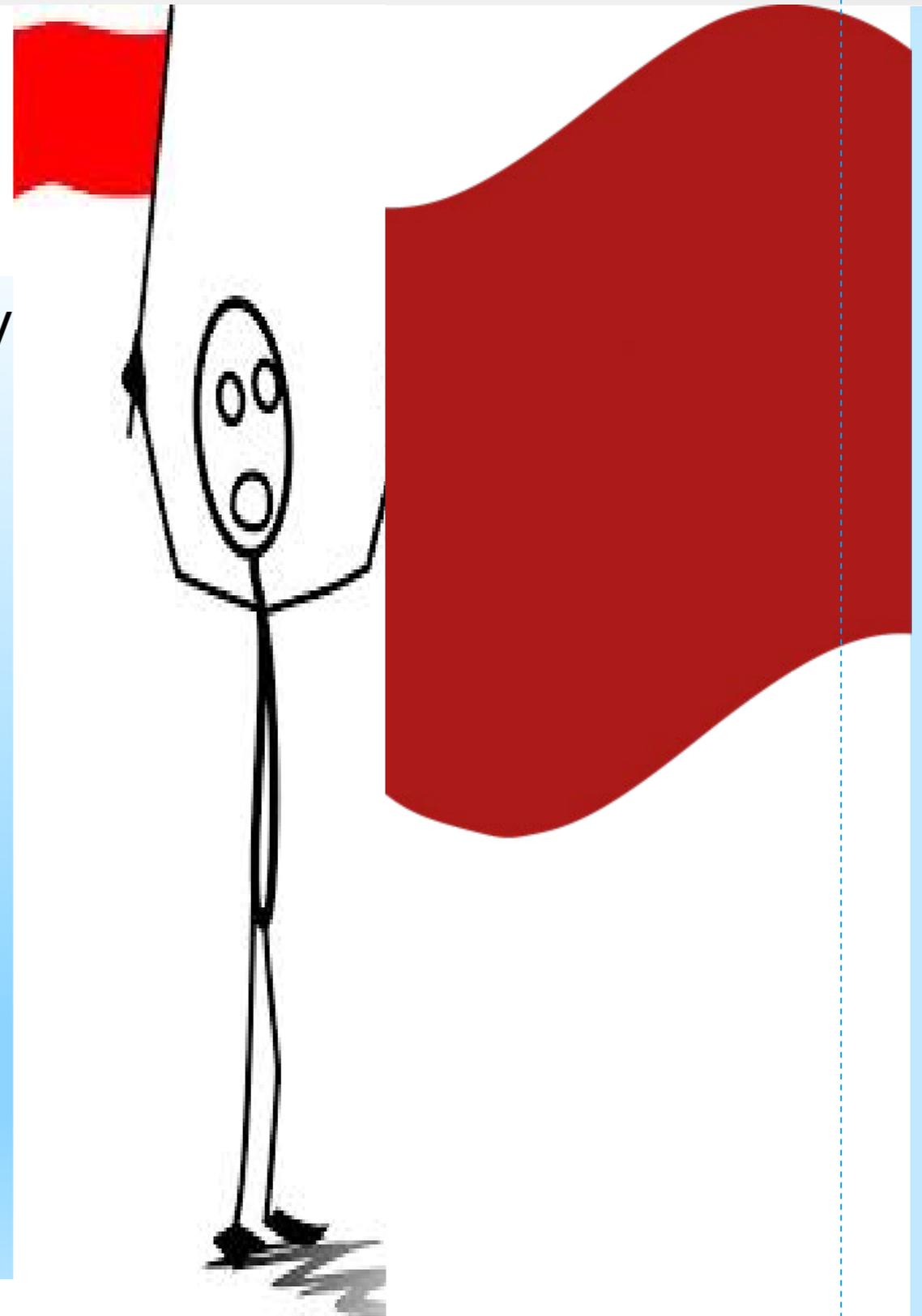
Specific Red Flags (continued)

➢ 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?
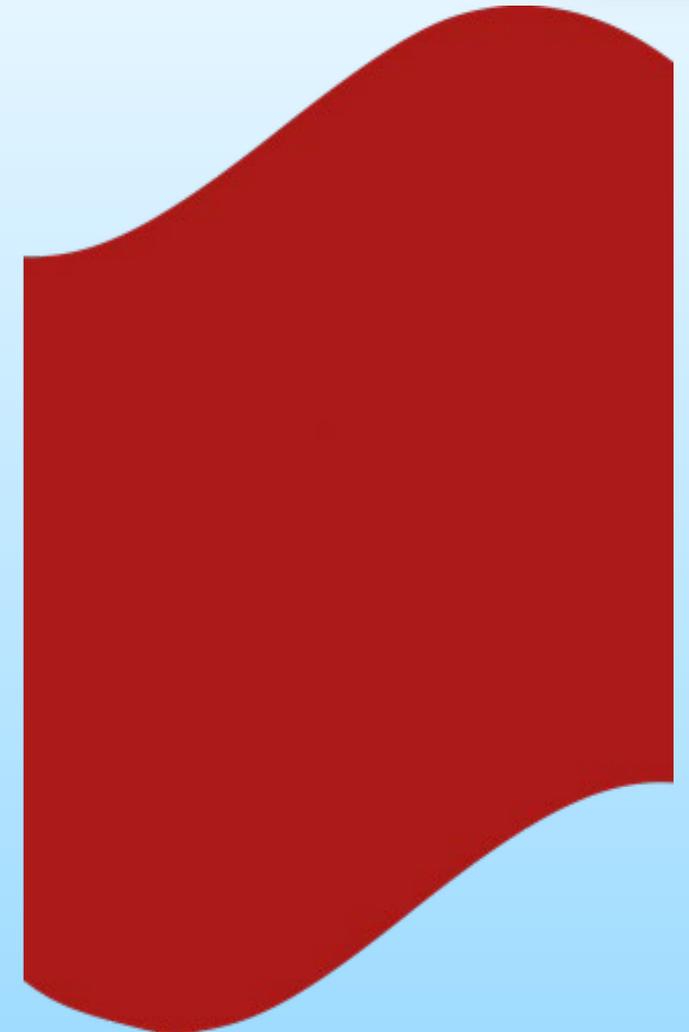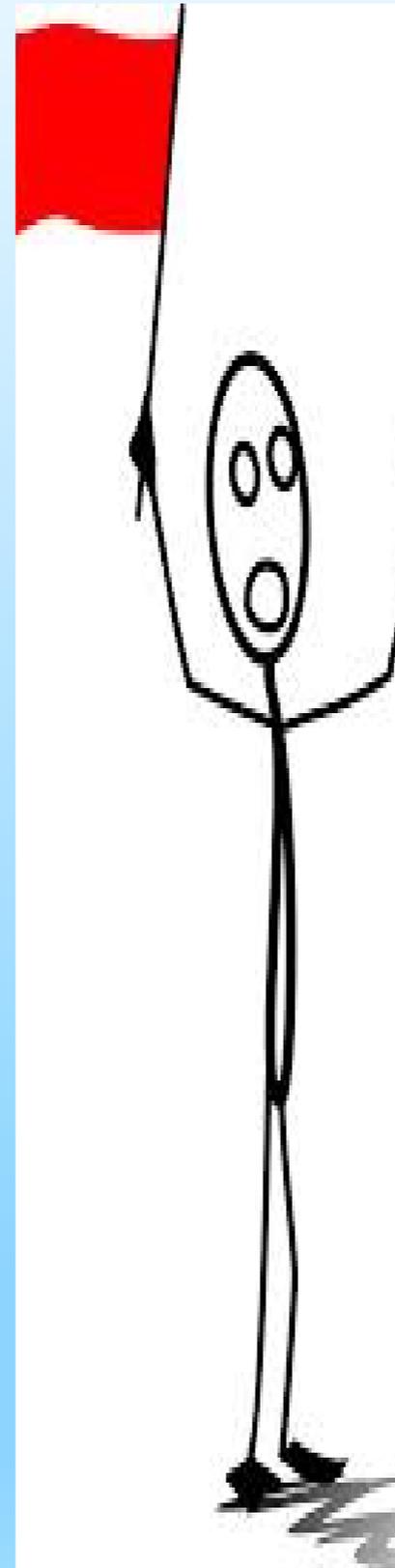
Best Practices

➢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?

Best Practices (continued)

➢ 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 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

Delaware Office of Highway Safety
Reimbursement Voucher: 2020 Training Test 1A
17 September 2019 - 23 September 2019

Agency Name:	Richard PD	Project Number:	OHPA20-RK
Voucher Due Date:	09/25/2019	Voucher Number:	1
Period of Claim - From:	09/18/2019	To:	09/20/2019
Approved Project Total:	$520.00		
Personnel Services Amount:	$520.00		
Are you claiming any other expenses?:	No		
Total Amount of this Claim:	$520.00	Federal Share Previously Claimed:	$0.00
Federal Share of Expenditures to Date:	$520.00	Unclaimed Balance to Date:	$0.00

Name (Please Print): _____

Signature: _____

Title: _____

Date: _____

Delaware Office of Highway Safety
Reimbursement Voucher: 2020 Training Test 1A
17 September 2019 - 23 September 2019

Note: This shows all timesheets that have been imported from the DELJIS system for this project to date (excluding any claimed on a previous Reimbursement Voucher). Timesheets are loaded on a nightly basis

1 Timesheets Found for Richard PD, Project Number OHPA20-RK

Office of Highway Safety
Standard Overtime Slip

Agency: Richard PD	Timesheet ID: T190000230RK
Project Number: OHPA20-RK	Imported: 09/16/2019

Officer Name: Twyla Sands (ID: Tsand)	Priority Code: Seat Belt
Date: Sunday 01/09/2019 23:00 to 01:00	Total Hours: 2

Location(s) Worked: Highway 401

Comments: No ticket or criminal activity, but lots of warnings because I'm nice

Pedestrian Contacts:	Seat Belt Assessments: 3	Number of Arrests: 1

Target Arrest Summary				
#	Violation	Section Number	Time of Arrest	Arrest Type
1				
2				

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

Missouri Department of Transportation

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
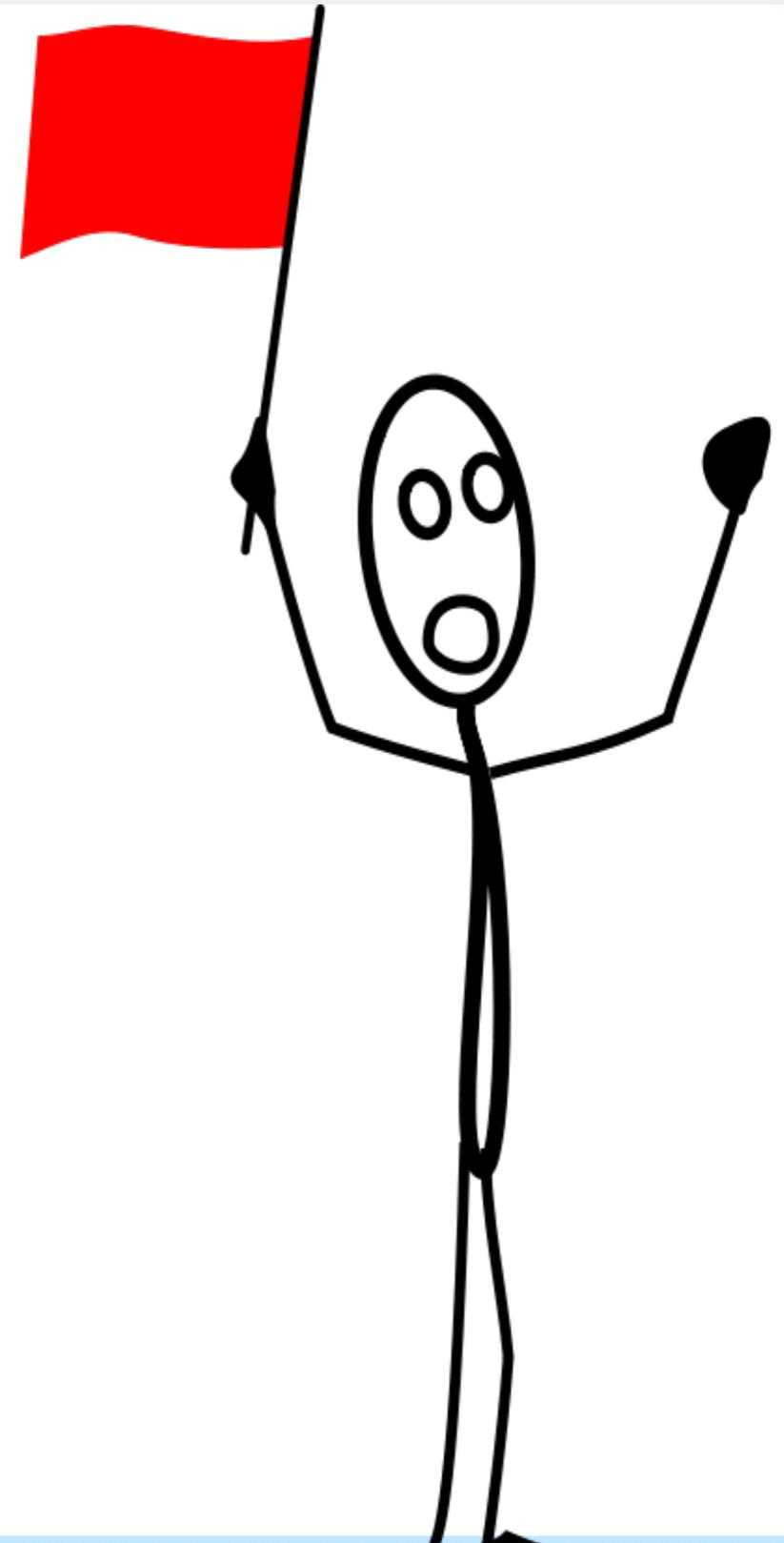
Missouri Department of Transportation

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

Missouri Department of Transportation

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

Officer:		ID #	
Agency:		Unit #	
Grant Type:		Date:	

BLOCK OF HOURS	A Seatbelt Patrol	B DUI Patrol	C SAVE Patrol	D Other Patrol	PATROL TIME	
0601-1200					Start of Shift	
1201-1800					End of Shift	
1801-2400						
0001-0600					Physical Arrest Hours	
TOTAL	0.00	0.00	0.00	0.00		

Vanderburgh County Sheriff's Office Activity Sheet (continued)

OFFENSE TYPE	CITATION OR ARREST	WRITTEN WARNING	
Seat Belt			
Child Restraint			
Open Container			
Underage Alcohol			
Misdemeanor DUI- Drugs			
Misdemeanor DUI - Alcohol			
Felony DUI - Drugs			
Felony DUI - Alcohol			
Habitual Traffic Violator			
Graduated License and Learner Permit Violations			
Texting Citation			
Motorcycle License and Motorcycle Permit Violations			
Other License Violation			
Driving While Susp. (Prior/Misd)			
Driving While Susp. (Infraction)			
Following Too Closely			
Improper Lane Usage			
Automatic Signal / Stop Sign			**PERFORMANCE**
Driving Left of Center			
Failure to Yield Right of Way			Traffic Stops per Hour
Improper Turning / "U" Turns			
Obstructing Traffic			0.0
Equipment Violations			Seat Belt Citations per Hour
Criminal Misdemeanor			
Criminal Felony			0.00
Other Traffic Offense			Total Citations per Hour
Speed - 6 to 10 MPH Over Limit			
Speed - 11 to15 MPH Over Limit			0.0
Speed - 16 to 20 MPH Over Limit			Contacts per Hour
Speed - Over 20 MPH Above Limit			
School Bus Stop Arm Violation			0.0
TOTAL CITATIONS	**0**	**0**	

Vanderburgh County Sheriff's Office Activity Sheet (continued)

Vanderburgh County Sheriff's Office   **Authority: SOG 3.0205**
Traffic Safety Grant Protocol   **Section: Operations**
Effective Date: 11/04/2013

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.

Vanderburgh County Sheriff's Office   **Authority: SOG 3.0205**
Traffic Safety Grant Protocol   **Section: Operations**
Effective Date: 11/04/2013

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.

Vanderburgh County Sheriff's Office　　**Authority: SOG 3.0205**
Traffic Safety Grant Protocol　　　　　**Section: Operations**
Effective Date:11/04/2013

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.

Vanderburgh County Sheriff's Office   **Authority: SOG 3.0205**
Traffic Safety Grant Protocol   **Section: Operations**
Effective Date: 11/04/2013

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.

Vanderburgh County Sheriff's Office
Traffic Safety Grant Protocol
Effective Date: 11/04/2013

Authority: SOG 3.0205
Section: Operations

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.

Vanderburgh County Sheriff's Office   **Authority: SOG 3.0205**
Traffic Safety Grant Protocol   **Section: Operations**
Effective Date: 11/04/2013

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