EPA

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Office of Inspector General

FRAUD, WASTE, AND ABUSE

Prevention, Detection, and Reporting for Federal, State, Local, and Tribal Administrators

www.epa.gov/oig

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Office of Inspector General

"Catalyst for Improving the Environment"

WHO WE ARE

The Office of Inspector General is an independent office within EPA that helps the Agency protect the environment in a more efficient and cost effective manner. We consist of auditors, program analysts, investigators, and others with extensive expertise.

WHAT WE DO

We perform audits, evaluations, and investigations of EPA and its contractors, grantees, and recipients of other Federal funds to promote economy and efficiency, and to prevent and detect fraud, waste, and abuse. We also maintain the OIG Hotline.

WHY WE DO IT

We strive to serve as a catalyst for improving the environment. By helping the Agency operate more economically, effectively, and efficiently, we contribute to improved environmental quality and human health. We strive to provide solutions to problems that ultimately result in making America a cleaner and healthier place.

OUR MISSION

Add value by promoting economy, efficiency, and effectiveness within EPA and the delivery of environmental programs. Inspire public confidence by preventing and detecting fraud, waste, and abuse in Agency operations and protecting the integrity of EPA programs.

"There is no kind of dishonesty into which otherwise good people more easily and frequently fall than that of defrauding the government."

Benjamin Franklin

FRAUD, WASTE, AND ABUSE

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Fraud, Waste, and Abuse…What is it?

What is Fraud
Simply – fraud is a false representation about a material fact.

It is any intentional deception designed to deprive the United States, or EPA, unlawfully of something of value or to secure from the United States, or EPA, for an individual, a benefit, privilege, allowance, or consideration to which he or she is not entitled.

What is Waste
It is the extravagant, careless, or needless expenditure of Government funds, or the consumption of Government property, that results from deficient practices, systems, controls, or decisions. The term also includes improper practices not involving prosecutable fraud.

What is Abuse
It is the intentional or improper use of Government resources. Examples include misuse of rank, position, or authority or misuse of resources such as tools, vehicles, or copying machines.

How Can I Tell if Fraud, Waste, and Abuse are Occurring?

You can tell if fraud, waste, and abuse are occurring by looking for "fraud indicators."

Fraud indicators are clues that may warrant further review of a specific area or activity.

Some of the indicators of fraud include:

- No separation of duties.
- Lack of internal controls.
- High turnover of personnel.
- Unexplained entries or altered records.
- Unusually large amounts of payments for cash.
- Inadequate or missing documentation.
- Non-serial number transactions.
- Unauthorized transactions.

While the above occurrences are indicators of fraud, they could also be indicators of weak or poor business practices without actual fraud occurring; such indicators can often lead to opportunities to commit fraud.

As a Federal, State, Local, or Tribal Administrator, What Can I Do to Avoid Trouble ?

- If you suspect any irregularities, or criminal acts, contact the EPA OIG immediately.
- Establish regular, open and clear lines of communication with your contractors, awardees, or recipients. Know who they are and what they do.
- Follow established agency policies, procedures, rules and regulations.
- Keep current on training and applicable regulations.
- Correct any audit or program evaluation findings promptly.
- Ensure contractor, awardee, or recipient accountability.
- Conduct site visits, examine work performed and ensure recipient compliance with terms of contract or grant.
- Ensure that all work is being performed as originally outlined and planned.
- Protect Government information, resources, and equipment under your control.

Above all else, if you have any questions or concerns, ask your EPA contact. We are here to assist you. We want you to succeed.

If you are a federal employee, you are duty bound to report Fraud, Waste, Abuse, and Corruption under the Code of Federal Regulations (CFR):

"Employees Shall Disclose Waste, Fraud, Abuse, and Corruption to Appropriate Authorities." 5 CFR 2635.101(b)(11)

Common Fraud Schemes...
What to Look for From Your Suppliers, Vendors, Contractors, or Subcontractors

Prohibited Practices Before the Award of a Contract or Grant

Bribery, Gratuities, and Kickbacks
Giving or receiving a thing of value for the purpose of influencing an official act or an award.

- Acceptance of inappropriate, high-value gifts or services from suppliers, contractors, or awardees.
- Overly friendly interaction between government employee and contractor or awardee.
- Sudden unexplained increase in wealth.

Conflict of Interest and Ethics Violations
Government personnel using their official duties to garner personal or financial gain.

- Acceptance of gifts from a vendor or contractor.
- Government personnel providing proprietary information to one, or a few competitors.
- Government personnel negotiating for employment with a company that they have an official interest in or with.

Unbalanced Bidding
Contracting personnel providing a favored bidder with information in the bid process.

- Particular line item bids appear to be unreasonably low.
- Change orders issued soon after contract award deleting or modifying line items.
- Bidder is close to a government procurement official, or directly participated in drafting the contract specifications.

Prohibited Practices After the Award of a Contract or Grant

Defective Pricing

Contractor's failure to disclose all facts that affect its cost for pricing products or services.

- Not disclosing significant cost issues that will reduce contractor's proposed costs.
- Indications of falsification or alteration of supporting data.
- Denial of the existence of historical records.

Cost Mischarging

Improper allocation of costs to a cost contract or charging at higher than allowed rates.

- Labor time and charges inconsistent with project progress.
- Time cards completed by management and not individual employees.
- Inability to produce time cards immediately when requested.
- Lower level work being done by high level wage earners.

Product Substitution

Contractors deliver goods which do not conform to contract requirements without making proper notifications.

- Falsification of test results, or delivery of counterfeit products.
- Providing foreign made products where domestic products are required.
- Using one coat of paint instead of two, or using watered loads of concrete.

False Statements and False Claims

Knowingly and willfully falsifying or concealing a material fact, knowing the same contains any materially false statement or entry.

- Discrepancies between reported facts and supporting documentation.
- Inability or refusal to provide supporting documentation.
- Site inspection reveals less progress on the site than reported.

Standards of Conduct Violation

All EPA employees are expected to adhere to certain standards of conduct which, if violated, could adversely reflect on the Agency. Such prohibited conduct includes, but is not limited to:

- Official or moral misconduct (on or off duty).
- Soliciting or accepting gifts from outside sources.
- Abuse of authority or position.
- Misuse of government time, equipment, IT resources, and information.

(Other Federal, State, and Local employees should know and adhere to their applicable Standards of Conduct).

Computer Crimes

Computer fraud includes anyone who knowingly accesses a computer without authorization; exceeds authorized access; obtains information from any department or agency of the US Government to further an intended fraud; or to access prohibited sites.

What Should You do if You Suspect Fraudulent Activity, Waste, or Abuse

✓ **DO** contact the OIG Hotline.

✓ **DO** discuss your concerns with the OIG.

✓ **DO** seek answers to your questions in the normal course of business.

✓ **DO** cooperate with the OIG and expect to be contacted and involved.

✗ **DON'T** feel compelled to "prove" a case or intent.

✗ **DON'T** "tip off" subjects of actual or pending investigation.

✗ **DON'T** "stop" your normal course of business unless otherwise directed.

Whistleblower Protection

A whistleblower is an individual that believes his or her organization is engaged in or willfully permits unethical, or unlawful activities and reports it.

The Whistleblower Protection Act (WPA) provides protection rights to Federal employees. Under WPA, Federal employees may seek protection from the Office of Special Counsel and the Merit Systems Protection Board.

Section 1553 of the American Recovery and Reinvestment Act (ARRA) extends the whistleblower protection to non-federal employees, whose employer is receiving ARRA funds.

"Any employee of any non-Federal employer receiving funds under ARRA, may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing; Mismanagement, Waste, A danger to public Health or Safety, or any Violation of law, rule, or regulation."

(Non-federal employers include a State or Local employing agency, as well as, private companies).

Additional information about Whistleblower Protection may be found at the Office of Special Counsel website, www.osc.gov.

Report Suspected Fraud Activity to Our Office

You can Place a Telephone Call to Our 24-hour Hotline

(888) 546-8740

You Can Mail Us

U.S. Environmental Protection Agency
Office of Inspector General Hotline (2443)
1200 Pennsylvania Avenue, NW
Washington, DC 20460

You Can E-mail Us

OIG_Hotline@epa.gov

Or You Can Contact Our Offices Directly

Northeastern Resource Center
Arlington, VA
(703) 347-8740

Eastern Resource Center
Atlanta, GA
(404) 562-9857

Central Resource Center
Chicago, IL
(312) 353-2507

Western Resource Center
San Francisco, CA
(415) 947-4507

Notes

REMEMBER

Preserving and protecting America's land, skies, and waters rest with you.

You are the eyes and ears "on the ground."

Your efforts are critical to the success of our environmental mission.

You can make a difference.

RECOVERY.GOV