EPA

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Office of Inspector General

FRAUD, WASTE, AND ABUSE

Prevention, Detection, and Reporting for Contractors, Awardees, and Recipients

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

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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 Contractor, Awardee, or Grant Recipient, What Can I Do to Avoid Trouble?

- Establish regular, open, and honest communication with your EPA point of contact.
- If you suspect any irregularities or criminal acts, contact the EPA OIG immediately.
- Establish clear policies, procedures, rules, and regulations for oversight and control of Government funds, awards, grants, or equipment purchase or usage.
- Create accountability.
- Immediately correct any audit or evaluation findings. Document these corrections and notify your EPA point of contact.
- Abide by the terms and conditions of your government agreement – Strive for accountability.
- Protect Government or other contractor proprietary information.

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.

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 requesting a thing of value for the purpose of influencing an official act.

- Overly friendly government employee and contractor interactions.
- Unexplained increase in wealth.
- Promise of a thing of value to ignore, disregard, or dismiss a required action, inspection, or activity as required by law, or by the contract.

Collusive Bidding
Contractors agree to prohibit or limit competition and rig prices to increase the amount of business available to all.

- Winning bid is too high compared to cost estimates and published prices.
- Contractor includes in its bid, contractors that are competing for same contract.
- Certain sub-contractors repeatedly win contracts at one agency or company but not elsewhere.

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.

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 informing the government.

- 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.

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 American Recovery and Reinvestment Act of 2009 (ARRA), Subtitle D, Section 1553 provides whistleblower protection to non-federal employees whose employer receives ARRA funds.

Specifically, the protection is afforded to employees who reasonably believe they have information that constitutes:

- Gross mismanagement of an agency contract or grant relating to stimulus funds;
- Gross waste of stimulus funds;
- Substantial and specific danger to public health or safety related to implementation of stimulus funds;
- Abuse of authority related to implementation or use of stimulus funds; or
- Violation of law, rule, or regulation related to an agency contract or grant relating to stimulus 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."

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