

Fiscal Liability Awareness; an IG Approach



STATE OF GEORGIA
OFFICE OF INSPECTOR GENERAL



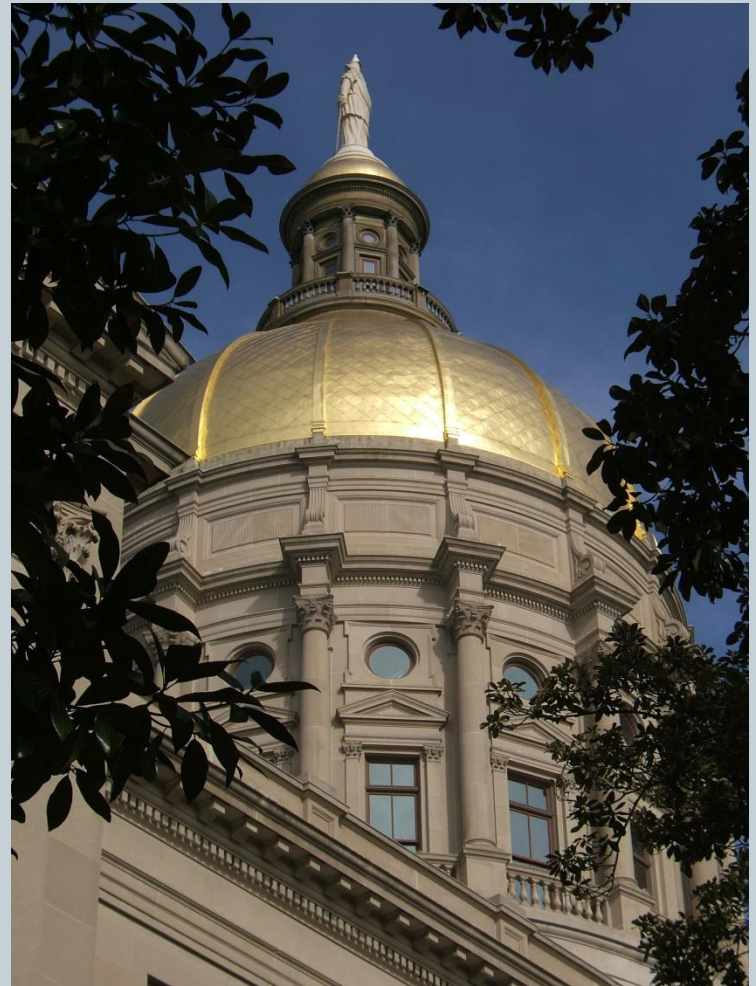
How to Spot a Fraudster



Agenda



- **OIG Background**
- **What is Fraud**
- **Fraud in Grants**
- **Consequences of Grant Fraud**
- **Mitigating Grant Fraud Risks**
- **Takeaways**



Inspector General Act of 1978



- Statutorily established the Federal Inspectors General (IG)
- Independent and objective units within most agencies
- Combat waste, fraud, and abuse in programs and operations through audits, investigations, inspections and evaluations

State of Georgia OIG



- Established via Executive Order in 2003
- Mission is to promote accountability and integrity in state government
- Conducts administrative and criminal investigations of fraud, waste, abuse and corruption within the Executive Branch of state government
- Provides free fraud awareness training to state employees

State of Georgia OIG Authorities



- **Authorities include:**
 - Authority to enter upon the premises of any state agency at any point without prior announcement
 - Question any state employee serving in or anyone transacting business with a state agency
 - Inspect and copy any books, records, or papers in the possession of a state agency, unless otherwise prohibited by law



What is Fraud?



- Any intentional or deliberate act to deprive another of property or money by guile, deception or other unfair means.



Why Does Fraud Occur?



**Perceived
Financial
Pressure**

**Fraud
Triangle**

Opportunity

Rationalization

Government Grants



Matthew Lesko's
Free Money
for
EVERYBODY

1,700 of the Best Government Free Money Programs Your Tax Money Can Buy

BOOK on CD and Training DVD

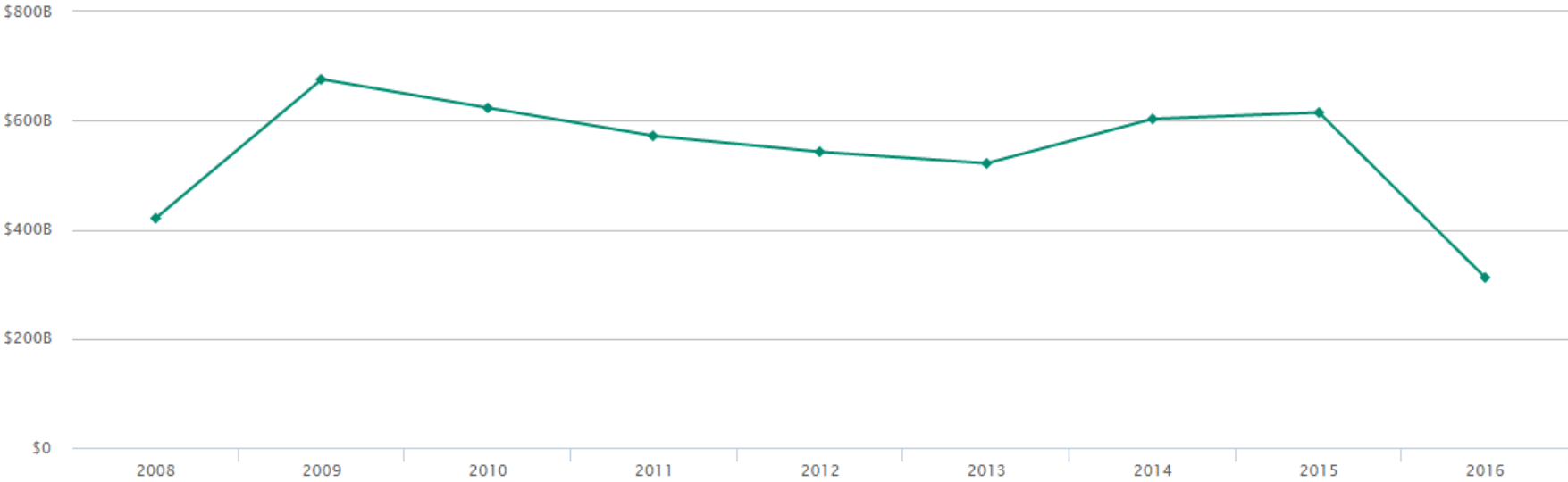
Book on CD
1,700 Programs

90 Minute Training
Hot Linked To Web

Federal Grant Awards



OVERVIEW OF AWARDS BY FY 2008 – 2015



Grants in Georgia – FY 15



- 9,814 Federal Awards
- \$12 Billion
- 262 awards over \$5,000,000

Responsibilities of Award Recipients



- Grant recipients are stewards of the funds
- Grant dollars must be used for their intended purpose
- Grant recipients must account for costs and justify expenditures
- But....



All this “free money” leads to....



When Does Grant Fraud Occur?



- All Phases
 - Conflicts of Interest
 - “Lying”
 - Theft



Grant Fraud - Common Examples



- Charging personal expenses as business expenses against the grant
- Charging for costs which have not been incurred or are not attributable to the grant
- Charging for inflated labor costs or hours, or categories of labor which have not been incurred (for example, fictitious employees, contractors or consultants)
- Falsifying information in grant applications or contract proposals
- Billing more than one grant or contract for the same work
- Falsifying test results or other data
- Substituting approved materials with unauthorized products
- Misrepresenting a project's status to continue receiving government funds
- Charging higher rates than those stated or negotiated for in the bid or contract
- Influencing government employees to award a grant or contract to a particular company, family member, or friend

Consequences of Grant Fraud

- Grant Fraud impacts:
 - Governments
 - Taxpayers
 - Grantees
 - End-users



All this fraud leads to...



Examples....



Atlanta Man Found Guilty of NSF and NASA Procurement Fraud

Jason Marcus · June 24, 2015

Chica

A Chicago
declared t

al prosecutor

The U.S. Attorney's Office in the Northern District of Georgia has obtained the conviction of a man accused of defrauding the National Aeronautics and Space Administration (NASA) and the National Science Foundation (NSF), right in Bracker & Marcus' backyard.

Sentencing Guidelines



Mitigating Grant Fraud Risk

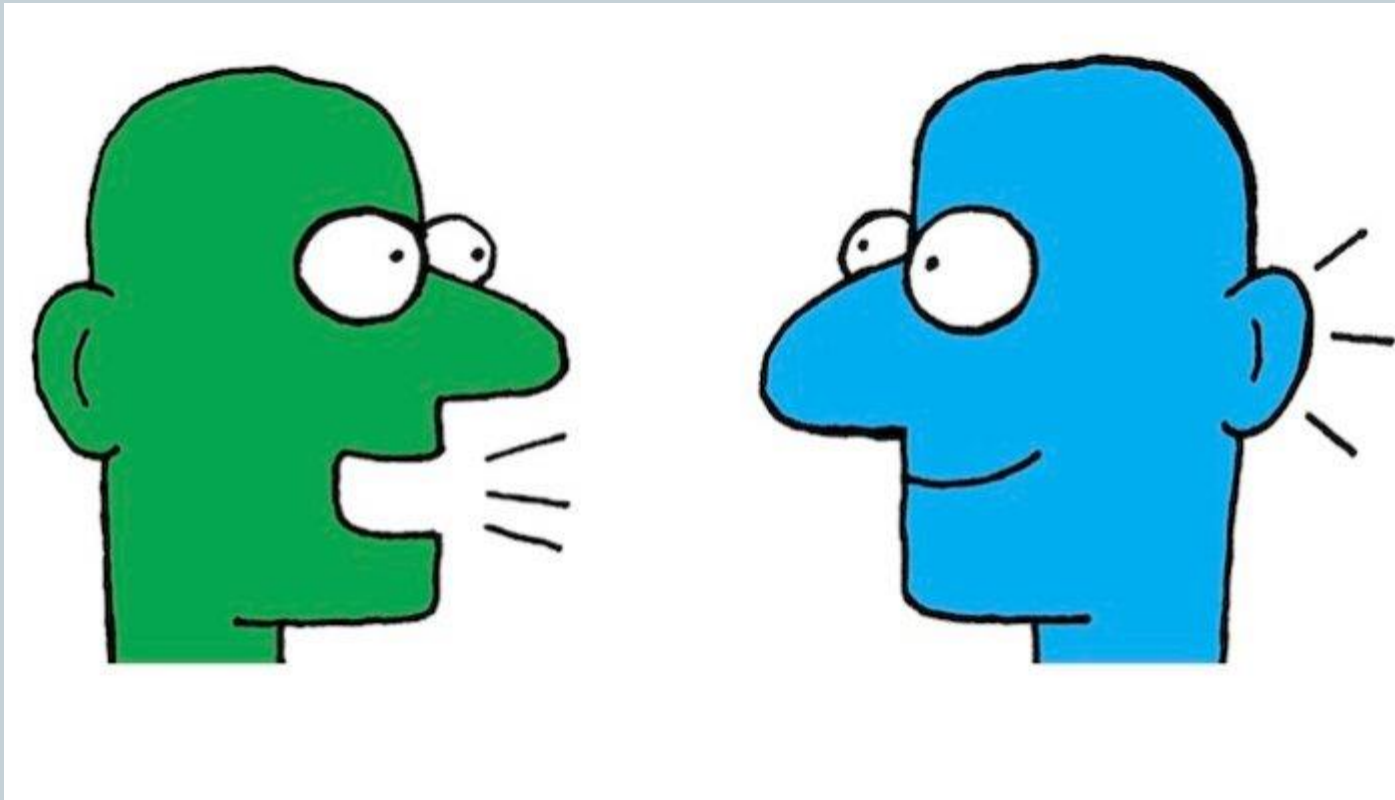


- Establish an adequate and effective system of accounting, internal controls, records control, and records retention.
- Implement an internal compliance and ethics program that encourages the recognition and reporting of fraud, waste, or abuse.
- And most important....

Mitigating Grant Fraud Cont.



- **COMMUNICATE YOUR CONCERNS!!!**



Takeaways



- When
- Fraud
- recipie
- Grant t
- **DO NOT**
- Set a g
- Report
- Finally, grant fraud can result in...



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m
controls

Contact Information



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Who Has the First Question?

