



American Rescue Plan
Grant Implementation: Waste,
Fraud and Abuse Strategies

Kansas Office of Recovery

September 8, 2021

Questions
Being
Answered
Today

1

What is waste, fraud and abuse?

2

What are examples of waste, fraud and abuse?

3

How to collect and report waste, fraud and abuse?

4

What can be done to prevent waste, fraud and abuse?

What is Waste?



Definition

- Inappropriate or inefficient use of resources
- Thoughtless or careless expenditure, mishandling, and/or abuse of resources to the detriment or potential detriment of the U.S. government
- Squandering money or resources, even if not explicitly illegal
- Incurring unnecessary costs through carelessness or inefficient and ineffective practices, systems, or controls



Description

- Purchasing unnecessary supplies, material, and equipment
- Purchasing supplies, material, and equipment without regard of cost
 - E.g., Buying overpriced office supplies from a favored vendor
- Using supplies, materials, and equipment carelessly resulting in unnecessary waste and replacement
 - E.g., Discarding working computer laptops rather than donating to schools

What is Fraud?



Definition

- An intentional deception or misrepresentation by a person knowing the deception could result in some unauthorized benefit to him/her or another person such as:
 - Attempting to obtain something of value through willful misrepresentation
 - Wrongful or criminal deception intended to result in personal or financial gain
- False representation of facts, making false statements, or concealing information



Description

- Falsifying information on applications or during procurement process, including justifying eligibility
- Billing for services not rendered or duplicating payments
- Altering documents or forgery on contracts, purchase orders, and invoices
- Bribery or kickbacks
- False claims or bid rigging
- Theft, embezzlement or other misapplication of funds
- Intentionally incorrectly reporting financial transactions

What is Abuse?



Definition

- Excessive or improper use of another's assets, equipment, or property in a manner contrary to the natural or legal rules for use
- Activities resulting in unnecessary costs to employers, administrative entities and others
 - Can occur in financial and non-financial settings
- Behaving improperly or unreasonably, or misusing position or authority



Description

- Making procurement or vendor selections contrary to existing policies or that are unnecessarily expensive or extravagant
- Receiving favors for award of contracts to certain vendors
- Using position for personal gain or to have an advantage over others
- Taking an excessive amount of time than needed to perform a task or function
- Purchase and use of equipment for personal financial gain and use



Examples of Waste, Fraud and Abuse

Example 1: A city's hotline received reports and disclosures of waste, fraud and abuse resulting in investigations and disciplinary actions for:

- Theft of city property; Use of city property for personal use
- Submission of invoice for fictitious goods & services
- Payroll and timekeeping fraud for authorizing and receiving payment for hours not worked
- False reporting of expenses for reimbursement
- Stealing and cashing city issued check for payment to another person
- Skimming cash paid for parking, permits & fines
- Computer fraud and theft of information

Example 2: A State Office of the Inspector General concluded an investigation to determine if an applicant for County restaurant relief grants provided false or misleading information on grant applications to secure pandemic-related grant funds.

The State found that the applicant received \$10,000 from the County's Public Health Emergency Grant Program, \$3,094.96 from the County's Reopen program, and \$10,000 from phase one of the County Economic Development Corporation Restaurant Relief program



How to Collect and Report Waste, Fraud and Abuse?

Utilize or create mechanisms for the reporting of suspected waste, fraud or abuse



Create your own waste, fraud and abuse hotline / communication channel and advertise this channel to constituents

Sample Website

- **State of Kansas Portal** (to report waste, fraud and abuse of state funds)
 - Website: <https://covid.ks.gov/report-fraud-waste-or-abuse/>
 - Phone: (785) 368-8507
 - Mail: 700 SW Harrison St, Suite 1234, Topeka, KS 66612



If you received valid reports of waste, fraud or abuse, report your suspicions at:

- **The Pandemic Response and Accountability Committee (PRAC):**
 - Website: <https://www.pandemicoversight.gov/>
- **Treasury Office of Inspector General (OIG), Report Waste, Fraud and Abuse**
 - Website: <https://oig.treasury.gov/report-fraud-waste-and-abuse>
- **U.S. Government Accountability Office (GAO) FraudNet**
 - Website: <https://www.gao.gov/fraudnet> or Phone: (800) 424-5454
- **FBI Fraud Units**
 - Website: <https://www.fbi.gov/tips>

Why Report Waste, Fraud and Abuse?



Reluctance often exists to report suspected activity



Reporting any suspected waste, fraud or abuse activity is critical to keeping government honest, efficient and accountable



Disclosure of wrongdoing helps protect public health and safety

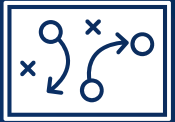


Whistleblower standards exist under federal and state laws to protect those reporting activity for their identity to remain confidential and from any employment retaliation

- Voluntary self-disclosure benefits the government by revealing previously unknown fraud, waste, and abuse
- Enables the government to gather and preserve evidence that would otherwise be lost

For an example of Whistleblower standards and protection, see the Kansas Whistleblower Act

*Statute:
KSA Section 75-2973*



How Waste, Fraud and Abuse Reports are Handled

- 1 Report, disclosure or tip is received and reviewed
- 2 The report, disclosure or tip evidence provided is evaluated to validate it coincides with waste, fraud or abuse and documentation in addition to what has been provided may be requested
- 3 Following evaluation of evidence to coincide with waste, fraud or abuse and review of any requested additional documentation, the report will be referred to the appropriate authorities (*see slide 6 for list of appropriate authorities*)
- 4 An investigation will be undertaken and completed
- 5 Based on findings resulting from the investigation, prosecution or other appropriate action will be taken



Preventing Waste, Fraud and Abuse

Include standards to follow in formal adopted written policy and procedures and internal controls addressing how to handle, resolve and document waste, fraud or abuse activity as part of daily operations and grants management.

Standards are the mechanism to

- Define expectations for employees
- Provide simplified chain of command of chart
- Demonstrate organizational commitment to do the right thing
- Provide for monitoring of waste, fraud and abuse activity
- Encourage reporting or disclosing any suspected activity or wrongdoing
- Minimize consequences resulting from any suspected activity
- Help address program design, monitoring, and oversight

After standards are developed, conduct training of staff to raise awareness of what waste, fraud and abuse looks like and to know what to do and why and when to report suspected activity



Additional Waste, Fraud and Abuse Information and Resources

The White House, Office of Management and Budget (OMB) Uniform Guidance [here](#)

U.S. Department of Treasury [here](#)

Pandemic Response Accountability Committee (PRAC) [here](#)

United States Government Accountability Office (U.S. GAO), Standards for Internal Controls [here](#)

- A Framework for Managing Fraud Risks in Federal Programs [here](#)

United States Department of Justice Fraud Section (FRD) [here](#)

- Grant Fraud Handout [here](#)

The Association of Certified Fraud Examiners (ACFE) [here](#)

The Institute of Internal Auditors (IIA) [here](#)

The Association of Government Accountants [here](#)

The Office of Recovery is producing a Job Aid that will provide additional context for these links. It will be added to the [Resource Library](#) once available

Considerations | Waste, Fraud and Abuse Strategy



Strategy Considerations

- 1 Raise awareness and understanding of what waste, fraud and abuse is and looks like.
- 2 Establish written standards in policy and procedures and internal controls to address how to handle, resolve and document waste, fraud and abuse.
- 3 Conduct staff training on waste, fraud and abuse and emphasize Whistleblower standards and protection.
- 4 Have a defined communicated process for reporting waste, fraud and abuse
- 5 Encourage reporting of suspected waste, fraud and abuse activity. Include applications, program promotions, and news releases regarding federal funds so general public knows where/how to report suspected fraud
- 6 Have information and resources available on waste, fraud and abuse.
- 7 Demonstrate organizational commitment to do the right thing to prevent waste, fraud and abuse.



Questions