



# FRAUD

## *Strategies for Detection and Prevention*

1-29-2020



**FRAUD - the problem**

**FRAUD - detection and prevention on the national, State and local level**

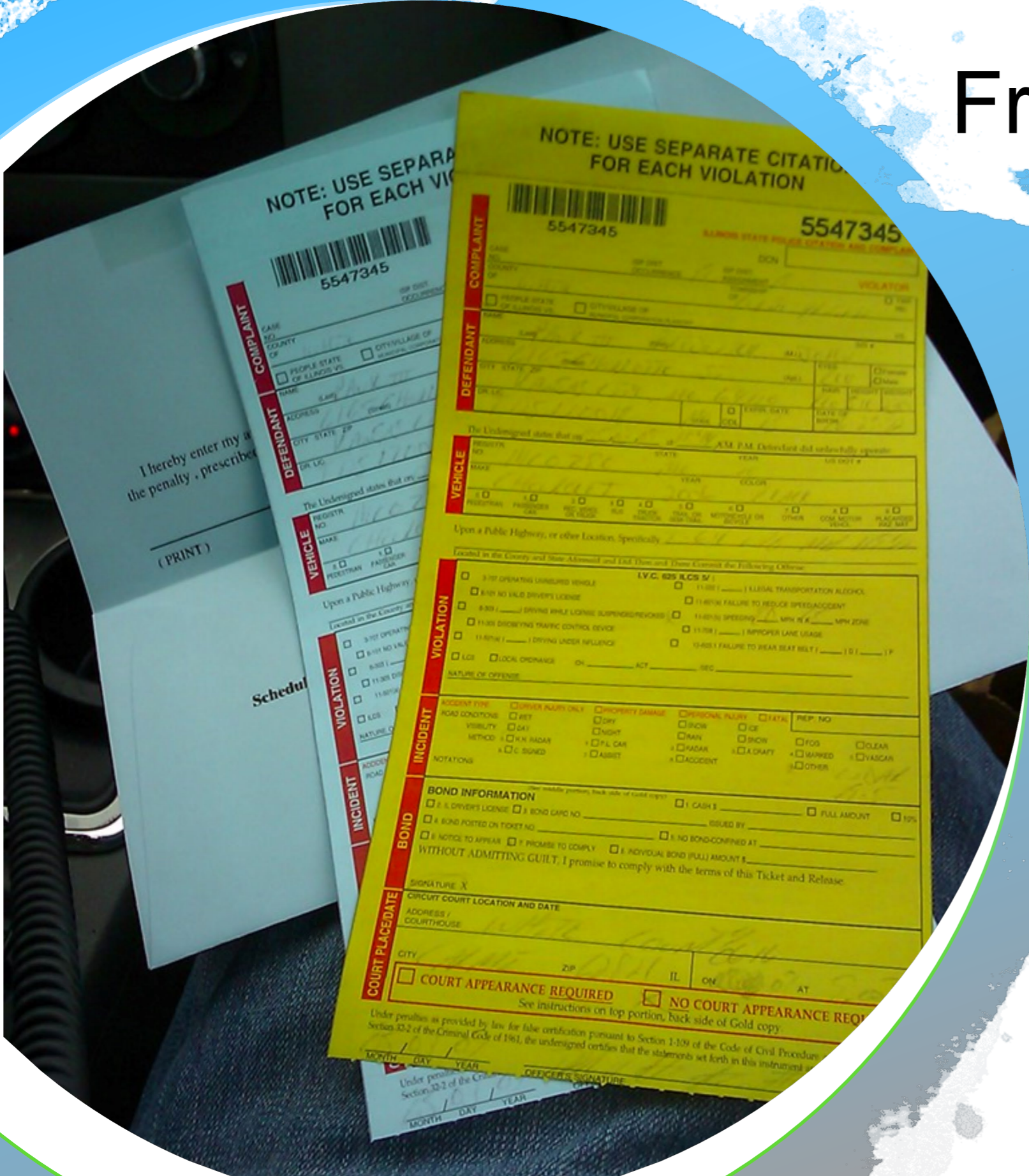
**What is FRAUD**

**What is Grants Fraud**





# Fraud with NHTSA Grant funds



# Fraud Reported to NHTSA

## LAW ENFORCEMENT

Falsified log sheets

Falsified tickets/citations

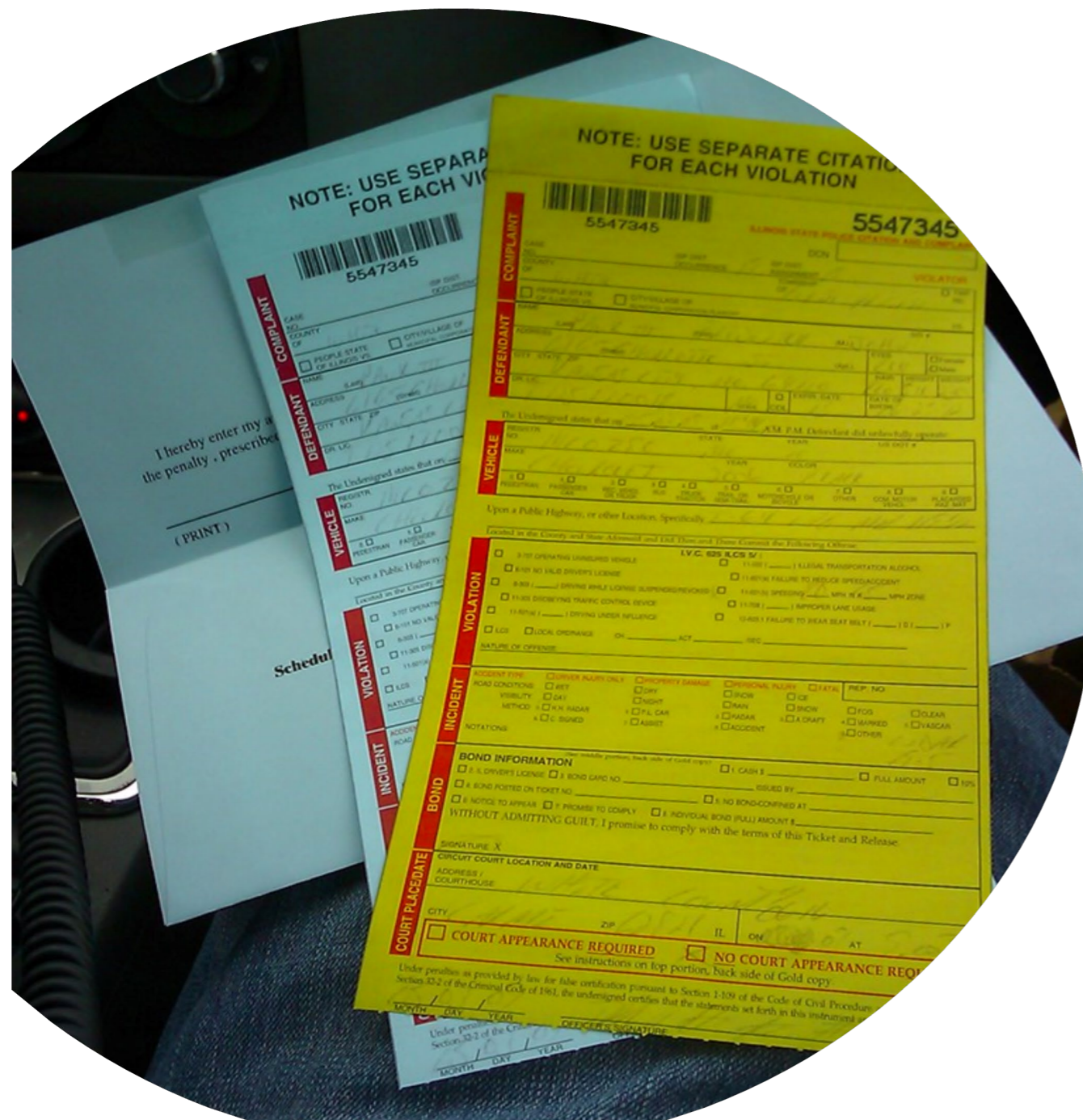
Forged checks Training Officers Association

## 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



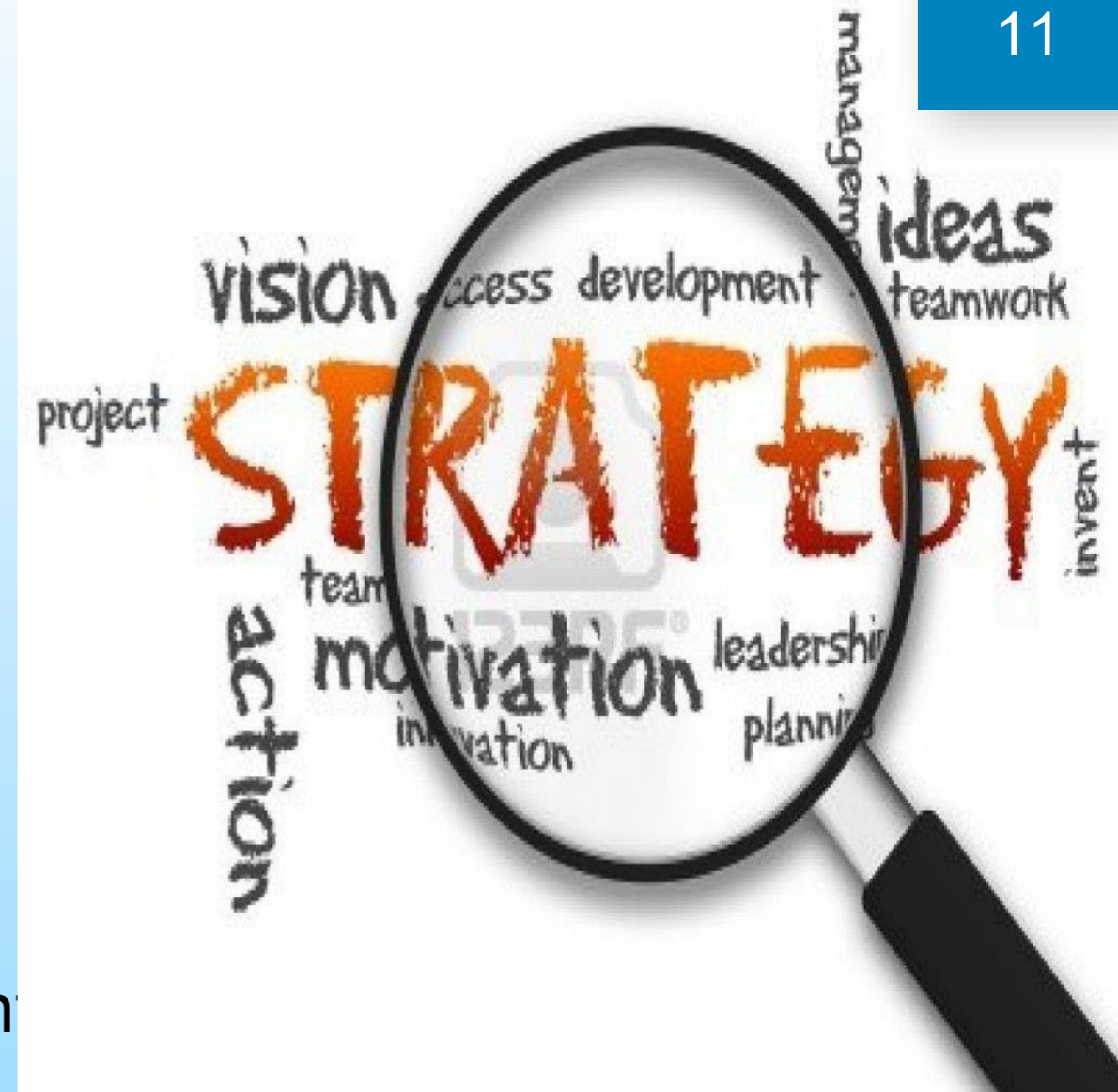
## Transaction Based

- 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 reimbursements
- Grant award meetings
- Verification of claimed activities
- Supervisor must sign the grant activity timesheet



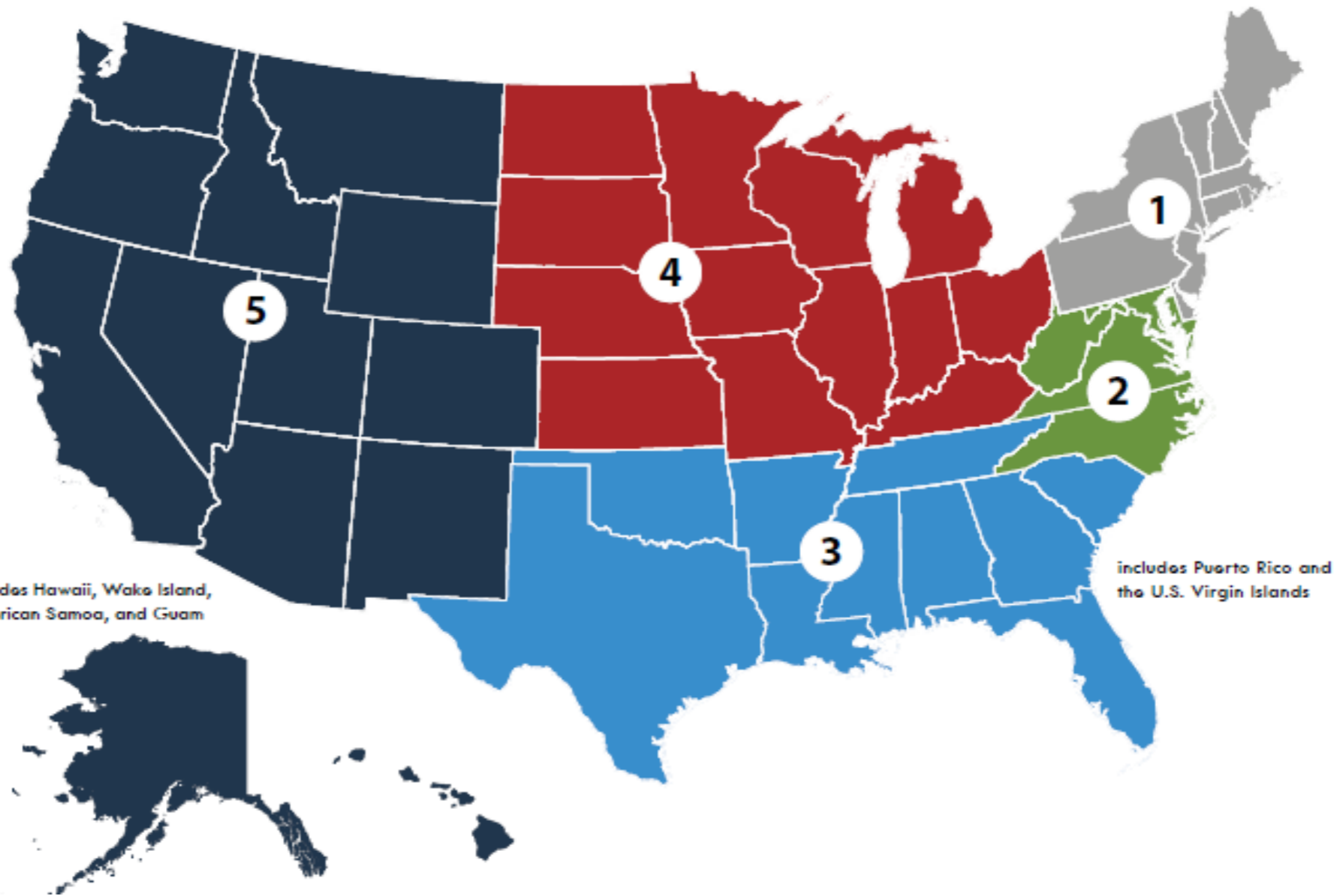
# DOT-OIG



*Ryan Lefort,  
Senior Special Agent  
JI-2 HQ OPS*

DEPARTMENT OF TRANSPORTATION, OFFICE OF INSPECTOR GENERAL

# INVESTIGATIVE REGIONS



# 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

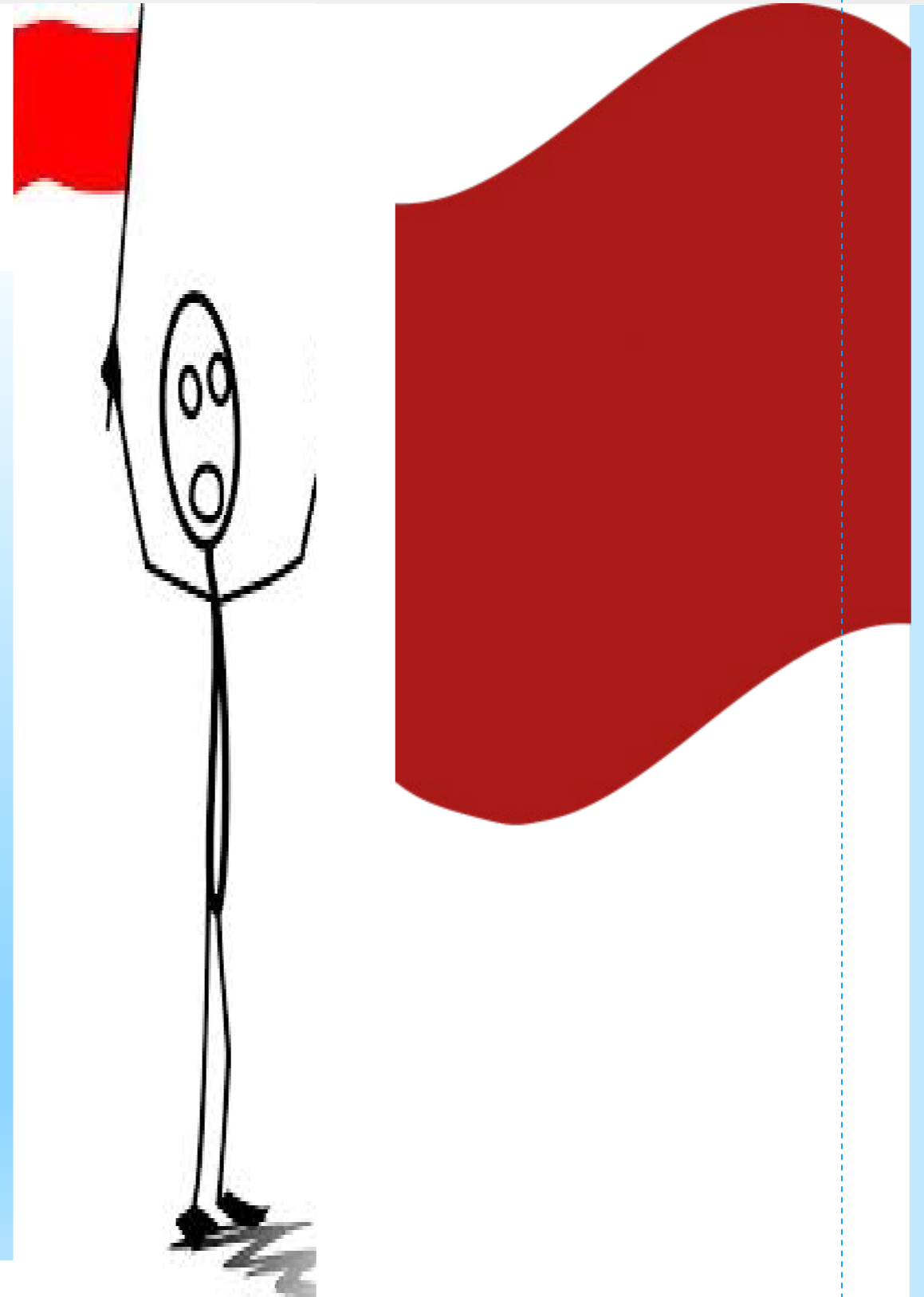
- Stand firm in administration of our taxpayer-funded grant funds for public safety

### 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

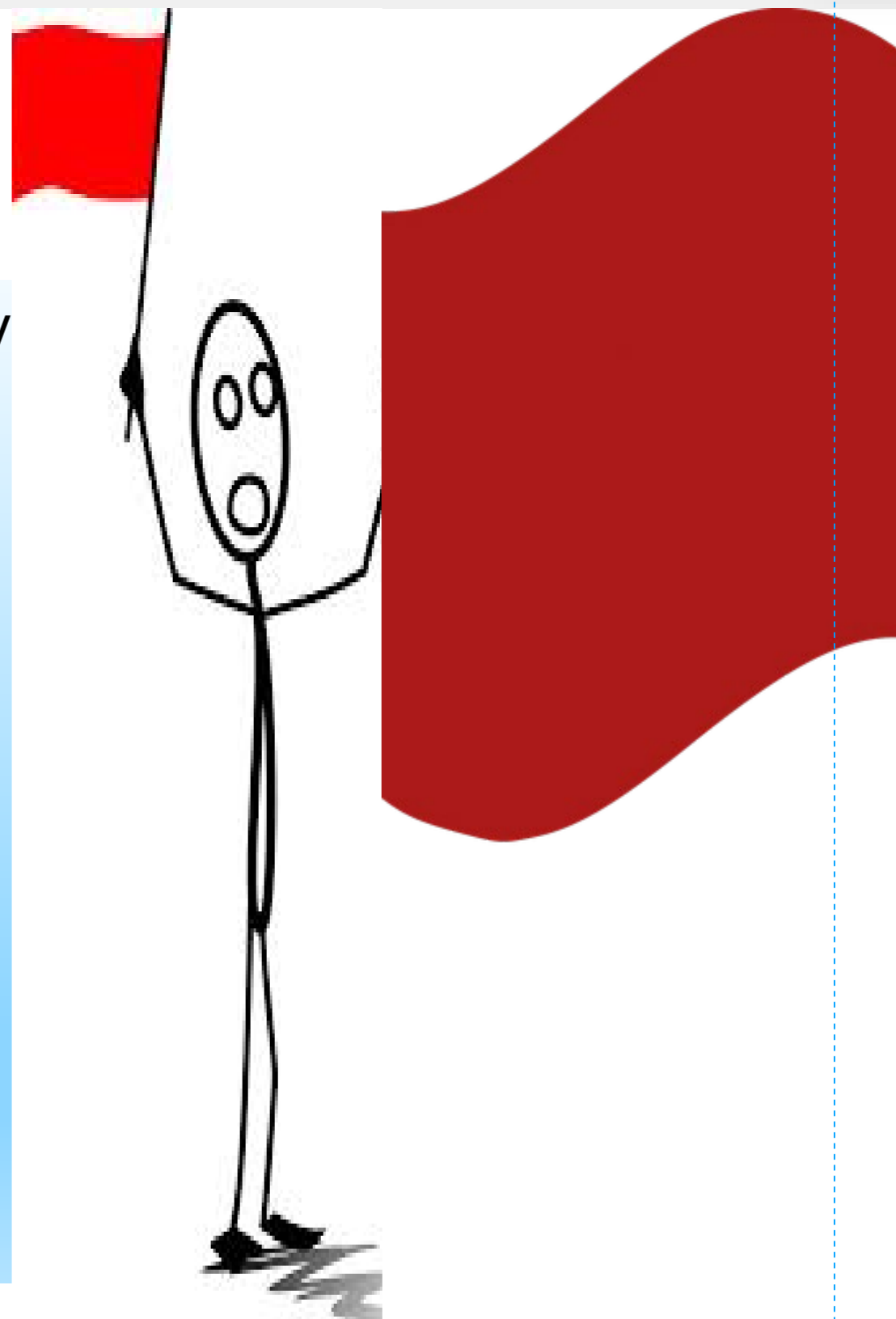
# General Red Flags

- SHSO administratively or functionally reporting to an agency receiving grant funds
- Repeated poor documentation provided by agency or department
  - Refusal to provide adequate supporting documentation
  - Inconsistencies in documentation



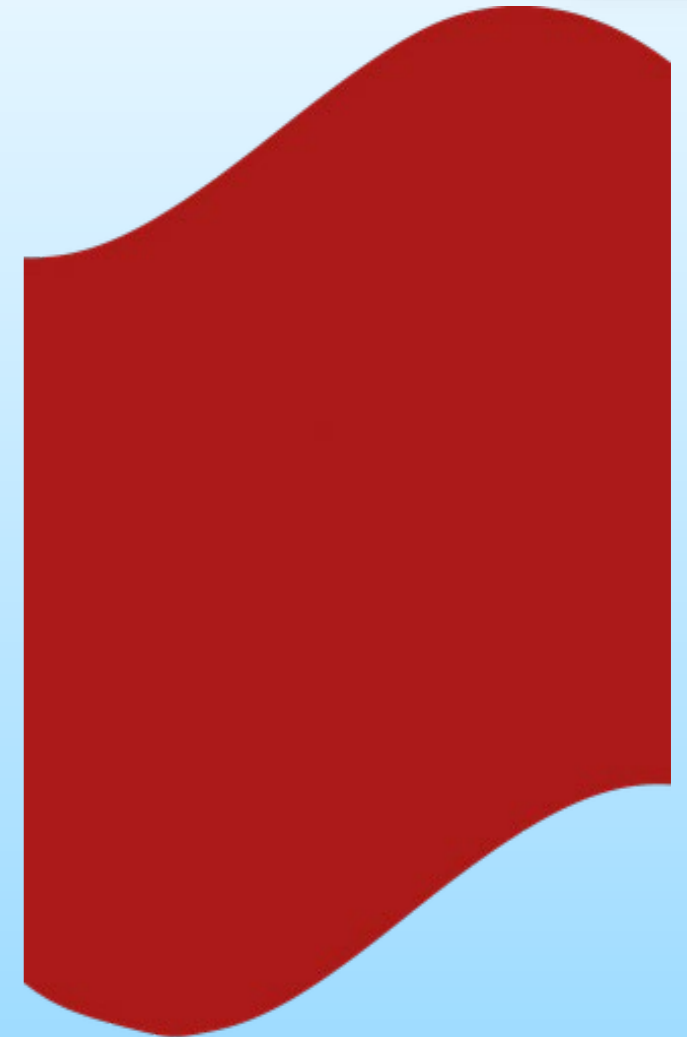
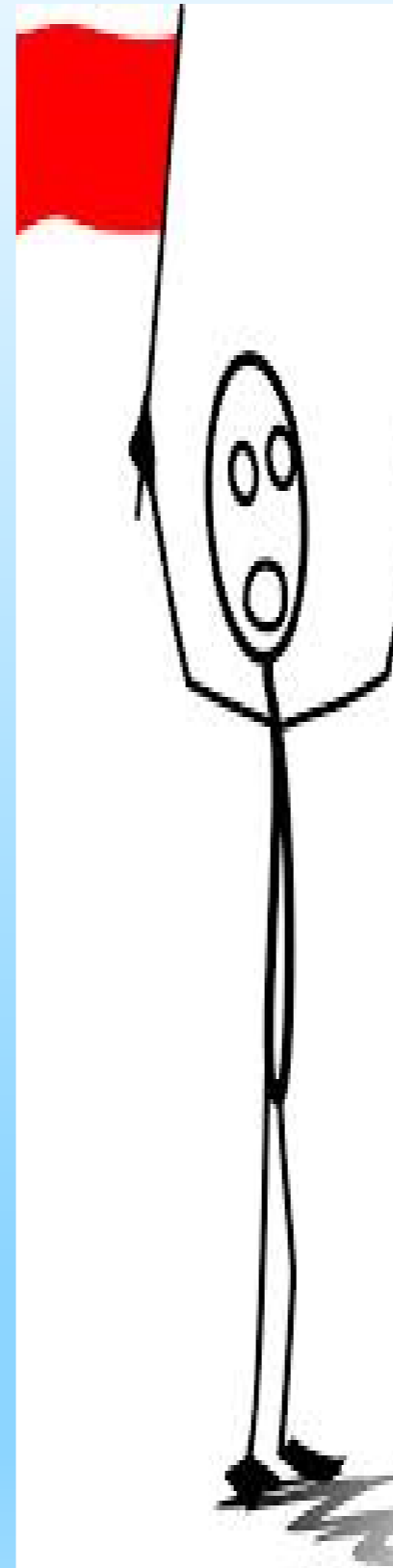
# Specific Red Flags

- 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](http://www.oig.dot.gov)**

**[www.oig.dot.gov/hotline](http://www.oig.dot.gov/hotline)**

**Ryan Lefort | Senior Special Agent, JI-2**

***HQ OPS***

**[Ryan.Lefort@oig.dot.gov](mailto:Ryan.Lefort@oig.dot.gov) (202) 603-5431**



# Delaware

**DELAWARE OFFICE OF HIGHWAY SAFETY**



*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 DeJIS 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

The screenshot displays the user interface of the Smart Simple Grant Management System. At the top, there is a blue header with a logo on the left, a "Privacy & Security" link, a user profile for "Sarah fakeCattle", and a notification bell. The main content area is titled "Welcome to the Delaware Office of Highway Safety Law Enforcement Agency Portal" and includes a list of sections: Invitations, New Proposal, Proposals/Awards, and Reimbursement Vouchers. Each section has a corresponding table with columns for various fields. The "Invitations" and "Proposals/Awards" tables currently show "No Results Found". The "New Proposal" section has a button labeled "Open" and a link to start a new application. The "Reimbursement Vouchers" section includes a note about the status transition from Scheduled to Draft and a table with columns for Mobilization Name, Project Number, Voucher Number, Voucher Due Date, Approved Project Total, Amount of Claim, and Status.

**Welcome to the Delaware Office of Highway Safety Law Enforcement Agency Portal**

Your portal is divided into the following sections:

- Invitations:** Lists any pending invitations for your agency to participate in a Mobilization
- New Proposal:** For initiation of a new Project Funding Proposal
- Proposals/Awards:** Details of all Agreements or Proposals you have initiated or been awarded. Note that the first tab in this section lists records that require your attention.
- Reimbursement Vouchers:** For any awarded Agreements or Proposals, the Reimbursement Vouchers will be listed here. The first tab in this section includes all Reimbursement Vouchers that are pending submission by your agency at the applicable time.

**Invitations**

Mobilization Name	Priority Area	Timeframe	Signed Agreement Due Date	Program Manager
No Results Found				

**New Proposal**

[Open](#) Click here to start a new Project Proposal application

**Proposals/Awards**

ATTENTION REQUIRED (0) PENDING/ACTIVE (3) CLOSED/HISTORICAL

Mobilization Name	Priority Area	Project Director	Program Manager	Award Amount	Status
No Results Found					


**Reimbursement Vouchers**



SCHEDULED/DRAFT (1) IN PROGRESS (1) PAID

Reimbursement Vouchers at **Scheduled** status will be moved to **Draft** status once the Mobilization begins.  
Reimbursement Vouchers must be submitted prior to the Reimbursement Voucher Due Date.

Mobilization Name	Project Number	Voucher Number	Voucher Due Date	Approved Project Total	Amount of Claim	Status
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# Smart Simple Grant Management System

 Delaware Office of Highway Safety Reimbursement Voucher: 2020 Training Test 1A 17 September 2019 - 23 September 2019	
<b>Agency Name:</b> Richard PD	<b>Project Number:</b> OHPA20-RK
<b>Voucher Due Date:</b> 09/25/2019	<b>Voucher Number:</b> 1
<b>Period of Claim - From:</b> 09/18/2019	<b>To:</b> 09/20/2019
<b>Approved Project Total:</b> \$520.00	
<b>Personnel Services Amount:</b> \$520.00	
<b>Are you claiming any other expenses?:</b> No	
<b>Total Amount of this Claim:</b> \$520.00	<b>Federal Share Previously Claimed:</b> \$0.00
<b>Federal Share of Expenditures to Date:</b> \$520.00	<b>Unclaimed Balance to Date:</b> \$0.00
<b>Name (Please Print):</b> _____	
<b>Signature:</b> _____	
<b>Title:</b> _____	
<b>Date:</b> _____	

 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				
<b>Agency:</b> Richard PD	<b>Timesheet ID:</b> T190000230RK			
<b>Project Number:</b> OHPA20-RK	<i>Imported: 09/16/2019</i>			
<b>Officer Name:</b> Twyla Sands (ID: Tsand)	<b>Priority Code:</b> Seat Belt			
<b>Date:</b> Sunday 01/09/2019 23:00 to 01:00	<b>Total Hours:</b> 2			
<b>Location(s) Worked:</b> Highway 401				
<b>Comments:</b> No ticket or criminal activity, but lots of warnings because I'm nice				
<b>Pedestrian Contacts:</b>	<b>Seat Belt Assessments:</b> 3			
<b>Number of Arrests:</b> 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

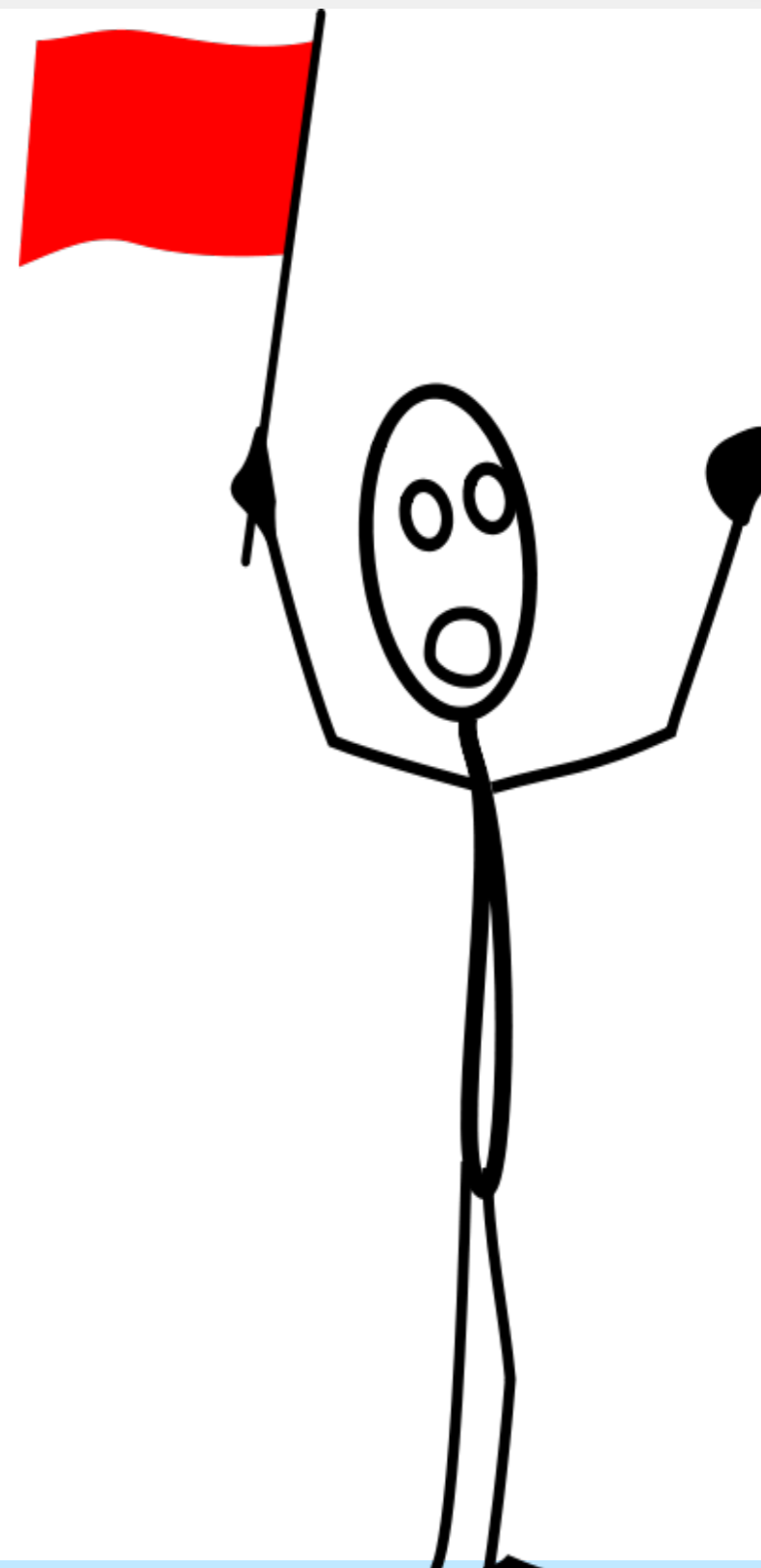
## Minor cases

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



# 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			
Driving Left of Center			
Failure to Yield Right of Way			
Improper Turning / "U" Turns			
Obstructing Traffic			
Equipment Violations			
Criminal Misdemeanor			
Criminal Felony			
Other Traffic Offense			
Speed - 6 to 10 MPH Over Limit			
Speed - 11 to 15 MPH Over Limit			
Speed - 16 to 20 MPH Over Limit			
Speed - Over 20 MPH Above Limit			
School Bus Stop Arm Violation			
<b>TOTAL CITATIONS</b>	<b>0</b>	<b>0</b>	<b>PERFORMANCE</b>
			Traffic Stops per Hour
			0.0
			Seat Belt Citations per Hour
			0.00
			Total Citations per Hour
			0.0
			<b>Contacts per Hour</b>
			0.0



# Vanderburgh County Sheriff's Office Activity Sheet (continued)

CITATIONS		 	CUSTODIAL ARRESTS		
Cite Number			Cite Number		Charge
1		11		1	
2		12		2	
3		13		3	
4		14		4	
5		15		5	
6		16			
7		17			
8		18			
9		19			
10		20			

Narrative (unusual occurrences, misc information)

				Coordinator Use Only		
				Category	Claimed	Actual
PBT's Conducted		Number Incarcerated		Number of Traffic Stops	0	
SFST's Conducted		Total Vehicles Stopped		Citations (Charges) Issued	0	
DRE's Conducted				Warnings	0	
Breath Tests Refused				Paid Hours	0.00	
Project LOVE Vouchers						
Starting Mileage		Total Miles Driven	0			
Ending Mileage						
<b>Officer Signature</b>			<b>Supervisor Signature</b>			

I hereby certify that the information contained herein is true and accurate. I understand that the information submitted on this form will be used to support a claim against a state administered federally funded program. False statements may result in prosecution under 18 USC § 1001 or IC 35-44-2-1.

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

**Authority: SOG 3.0205**  
**Section: Operations**

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**  
**Traffic Safety Grant Protocol**  
**Effective Date: 11/04/2013**

**Authority: SOG 3.0205**  
**Section: Operations**

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**  
**Traffic Safety Grant Protocol**  
**Effective Date: 11/04/2013**

**Authority: SOG 3.0205**  
**Section: Operations**

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**  
**Traffic Safety Grant Protocol**  
**Effective Date: 11/04/2013**

**Authority: SOG 3.0205**  
**Section: Operations**

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**  
**Traffic Safety Grant Protocol**  
**Effective Date: 11/04/2013**

**Authority: SOG 3.0205**  
**Section: Operations**

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



