

# TTP 101: Fraud within Tribal Transportation Programs

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Katharine Kovacek

Special Agent, Department of the Interior, OIG



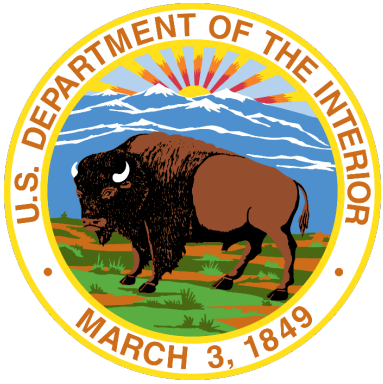
# Agenda

Who We Are

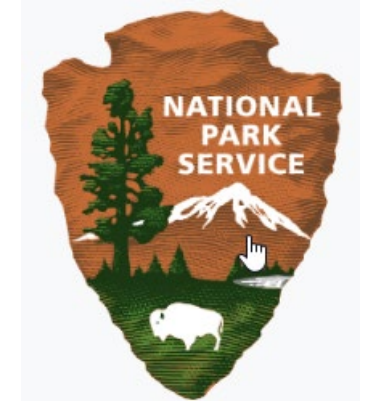
Internal Controls

Fraud Red Flags

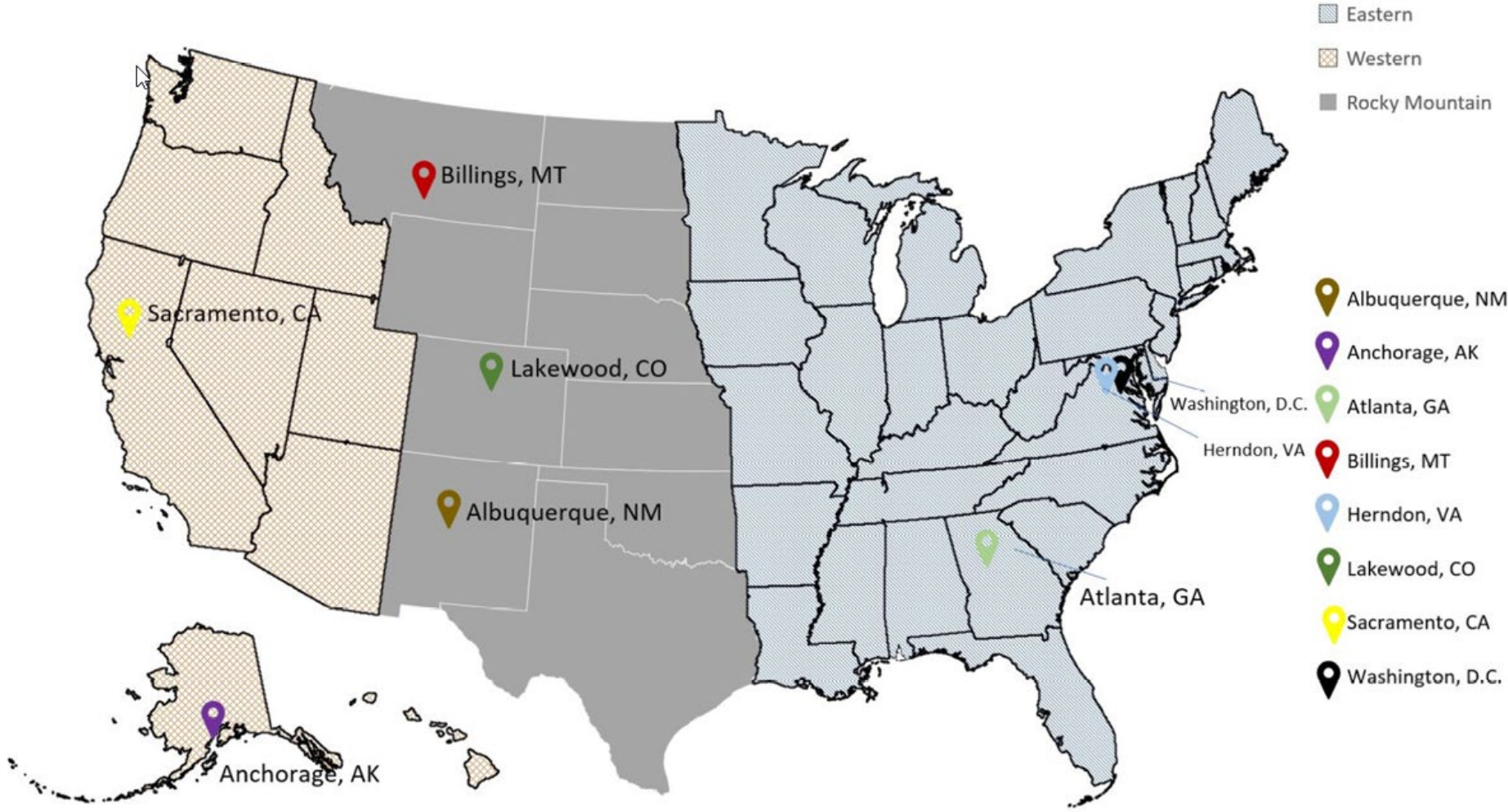
How you can Help



- Bureau of Indian Affairs
- Bureau of Indian Education
- Bureau of Land Management
- Bureau of Ocean Energy Management
- Bureau of Reclamation
- Bureau of Safety and Environmental Enforcement
- Bureau of Trust Fund Administration
- National Park Service
- Office of Surface Mining Reclamation and Enforcement
- U.S. Fish and Wildlife Service
- U.S. Geological Survey



# DOI OIG Office of Investigations – Regions and Offices



# Infrastructure Investment and Jobs Act (IIJA)/Bipartisan Infrastructure Law (BIL)

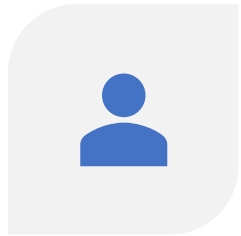
Program Name	Agency	Funding	Description
<b>IHS Sanitation Facilities Construction Program</b>	HHS	\$3.5 B	Funding to build infrastructure necessary to ensure a safe supply of drinking water, reliable sewage systems, and solid waste disposal facilities.
<b>Tribal Transportation Program</b>	DOT	\$3.0 B	Funding to increase safety, mobility, and access for Tribal communities.
<b>Indian Water Rights Settlements</b>	DOI	\$2.5 B	Funding to satisfy Federal obligations under Indian water rights settlements reached as of November 15 <sup>th</sup> , 2022.
<b>Tribal Broadband Connectivity Program</b>	DOC	\$2.0 B	Funding for an existing grant program that invests in broadband infrastructure, distance learning, telehealth, and activities that promote access and adoption of these services.
<b>Clean Water and Drinking Water Grants</b>	EPA	\$0.9 B	Funding for several programs at EPA to promote safe, healthy, and clean drinking water through State Revolving Funds.
<b>Tribal Transportation Facility Bridges</b>	DOT	\$0.8 B	Funding for planning, designing, engineering, replacing, improving, or constructing bridges on Tribal lands.
<b>Safety of Dams</b>	DOI	\$0.3 B	Funding for the Bureau of Indian Affairs to improve the safety of dams, water sanitation, and other facilities.
<b>Climate Adaptation and Community Relocation</b>	DOI	\$0.2 B	Funding to pursue climate-resilient planning, and implement managed retreat, expansion, protect-in-place, and relocation options for threats associated with the climate change and environmental degradation
<b>Tribal Orphaned Wells</b>	DOI	\$0.2 B	Funding to plug, cap, and remediate orphan oil and gas wells on Tribal lands.
<b>TOTAL</b>			<b>&gt; \$13 billion</b>

# About Inspectors General – Inspectors General Act of 1978

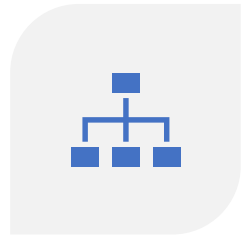
- Created the IG for the, DOT, DOI and 10 other agencies
- Presidentially appointed senate confirmed
- Responsible to investigate fraud, give policy advice, handle employee complaints, and report to agency heads and to Congress every 6 months



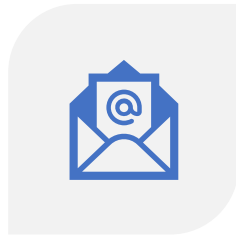
# OIG Offices



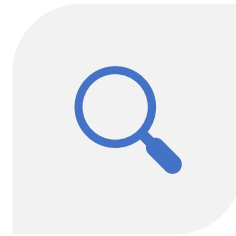
OFFICE OF CHIEF  
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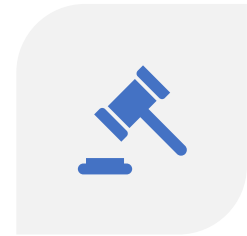
OFFICE OF  
ADMINISTRATION  
AND MANAGEMENT



OFFICE OF  
STRATEGIC  
COMMUNICATIONS



OFFICE OF  
AUDITING



OFFICE OF  
INVESTIGATIONS

# Common Findings in Audits

Inadequate  
Oversight

Financial  
Mismanagement

Non-Compliance  
with Regulations

Weak Internal  
Controls

Inaccurate  
Reporting



# What is internal control?

Internal control is a process that helps an entity achieve its objectives. It is the first line of defense in safeguarding public resources.



*Standards for Internal Control in the Federal Government*, known as the Green Book, is the document that sets internal control standards for federal entities.

# How does internal control work?

Internal control helps an entity



**Run its  
operations  
efficiently and  
effectively**



**Report reliable  
information  
about its  
operations**



**Comply with  
applicable  
laws and  
regulations**

# Internal Controls

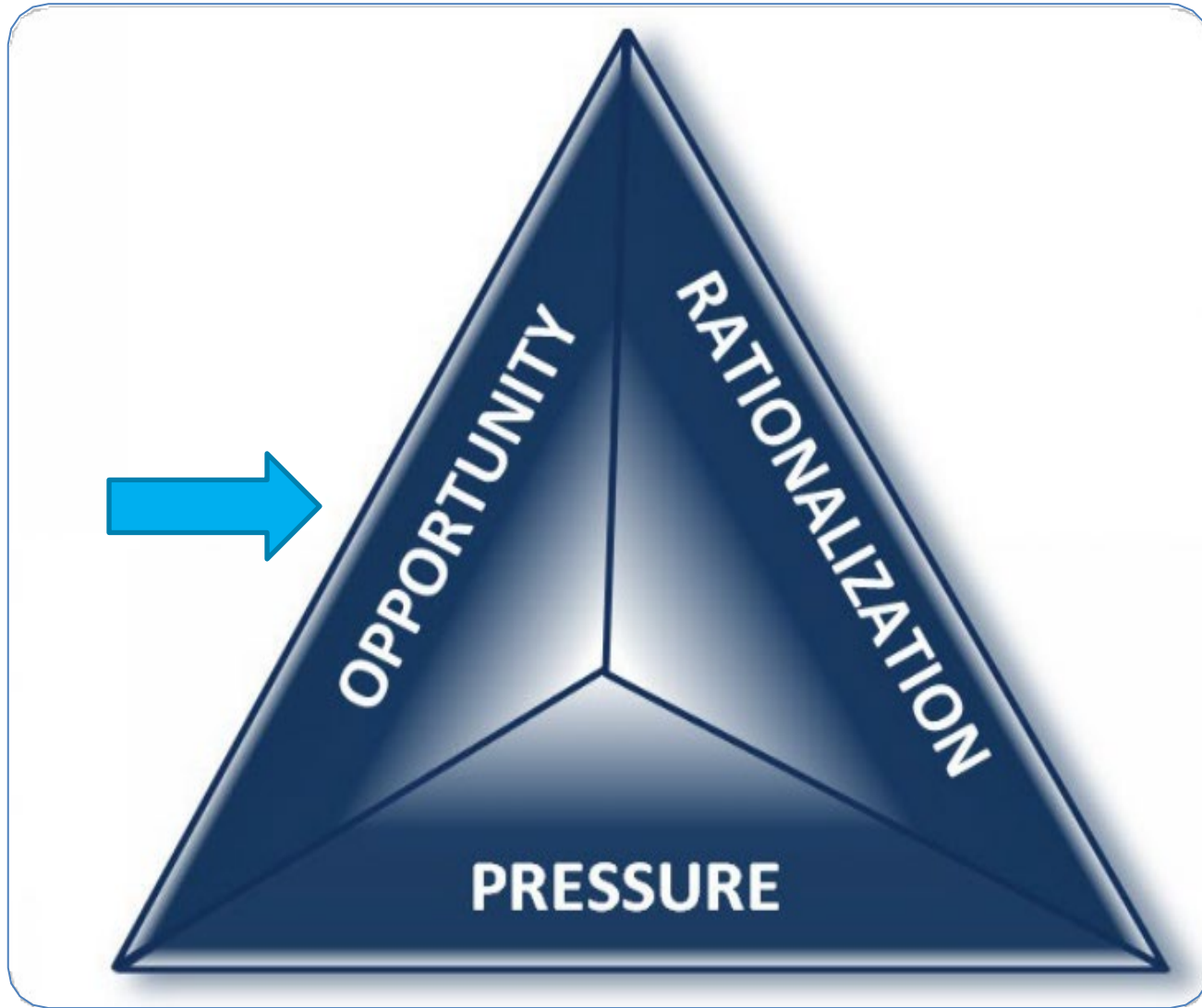
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- **Preventative Controls**

- Controls designed to prevent errors, fraud, or other undesirable issues from occurring in the first place.

- **Detective Controls**

- A detective control activity discovers when an entity is not achieving an objective or addressing a risk before the entity's operation has concluded and corrects the actions so that the entity achieves the objective or addresses the risk.



Internal Controls Help Take  
Away  
Opportunity

# Internal Control Considerations Based on Common Findings

## Inadequate Oversight

- Reviewing and documenting grant requirements.
- Ensuring grant requirements are properly flowed down.
- Processes are documented with policies and procedures.
- Staff are following the policies and procedures.
- Inspections of sites including those on site and work being done.

## Financial Management

- Each award has separate account.
- Ensure costs are recorded to the proper account.
- Review supporting documentation from contractors or subgrant recipients when claiming costs.

# Internal Control Considerations Based on Common Findings

## Non-Compliance with Regulations

- Ensure guidance is followed and documented.
- Ensure reporting requirements are followed and met.
- Ensure procurement policies and procedures are followed

## Weak Internal Controls

- Ensure there is a segregation of duties.
- Ensure that documentation is thorough and easy to find.
- Ensure policies and procedures are followed.
- Reconcile funds regularly.
- Ensure that employees have regular training.
- Do not rely on just a few key individuals

# Internal Control Considerations Based on Common Findings

## Inadequate Reporting

- Ensure that required reports has all information and is not incomplete or inaccurate.
- Ensure internal reports (site visits, discussions, etc.) are documented and accessible for the future.
- Consider reports from contractors or subrecipients for files on work completed, individuals involved, and cost.
- Monitor compliance with grant requirements.
- Ensure staff are reporting information the same way across projects. Checklists or fillable documents can assist with this.
- Report if noncompliance is found.

# What is Fraud?

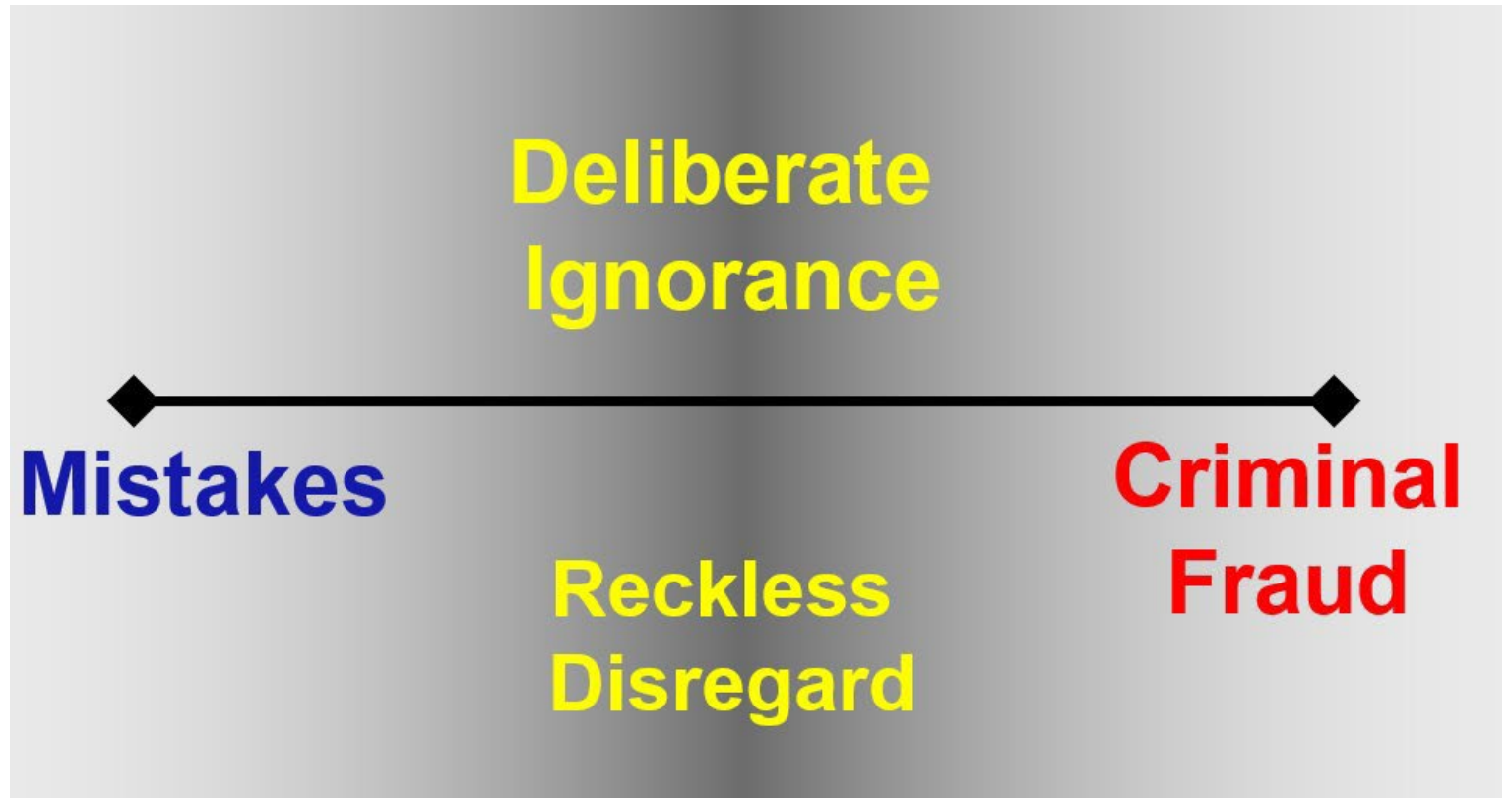
- A) Deliberately stealing from program funds
- B) Lying, cheating, or stealing anywhere in the process
- C) Anytime a fraud statute is violated
- D) Intentionally stealing over \$1,000 from any grant program



# What is Fraud?

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What is the lie and why does the lie matter?



# Types of Fraud Schemes

- Progress Payment Fraud
- Phantom Sub-Awards (Consulting)
- Bid Rigging/Rotation
- Conflicts of Interest
- Embezzlement
- Non-payment of subcontractors
- False Claims for Services not Rendered
- **Bribery/Kickbacks**
- **Pass Through Fraud**
- **Product Substitution**
- **Quality Control Testing Scheme**

# Bribery

A contractor misrepresents the cost of performing work by compensating a government official for permitting contractor overcharges to increase contractor profit

Its not just a few bucks between friends

# Pass Through Scheme

A contractor misrepresents who performed the contract work to increase job profit while appearing to comply with contract small business goals.

- Prime employees posing as employees of the pass-through
- Prime employees on subrecipient/passthrough payroll
- Prime uses passthrough signage at work sites

# Product Substitution

A contractor misrepresents the product or material used to reduce costs incurred for construction materials.

- Little or no supporting documentation to support certificates of compliance
- Irregularities related to signatures, dates, or quantities on delivery documents
- Contractor refuses to provide supporting documentation about production or manufacture
- Unsigned certifications

# Quality Control Testing Scheme

A contractor misrepresents the results of quality control (QC) tests to limit costs or increase profits, earn contract incentives, or avoid project shutdown.

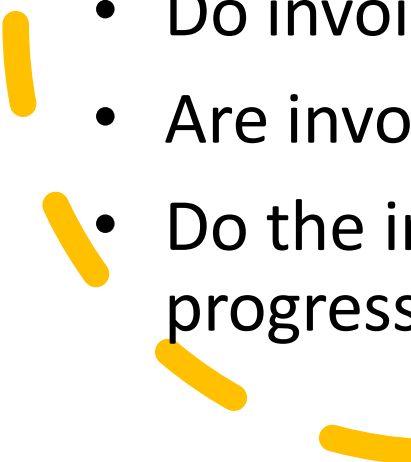
- Contractor transport of QC samples
- Photocopies of QC test results
- Lost test results

# Fraud Indicators and Red Flags

- Newly formed LLC's/New contractors
- Prior complaints against company or organization
- Inadequate or disorganized records
- Delinquent payroll
- Delinquent taxes
- Cash withdrawals and frequent transfers
- Uncooperative and evasive staff
- Delays providing requested documents
- High employee turnover
- Frequent misstatements, exaggerations
- Family members associated with company
- Excessive use of consultants and “fees”



# What to Look for in Documentation

- Are there warnings anywhere about fraud or false claims?
  - Is the award based on a detailed documentation describing budget and costs?
  - Were the expectations of adequate performance established?
  - Are modifications/change orders described?
  - Do invoices contain adequate detail?
  - Are invoices within approved budget?
  - Do the invoices match narratives or your understanding of the work progress
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# What To Do When You Suspect Fraud?

- Ask Questions
- Trust your instincts
- Communicate in Writing
- Gather Documents
- Signed documents
- Don't delete anything!
- Report it
- Follow internal procedures
- Don't tell the contractor

# REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

The Office of Inspector General (OIG) provides independent oversight and promotes integrity and accountability in the programs and operations of the U.S. Department of the Interior (DOI). One way we achieve this mission is by working with the people who contact us through our hotline.



If you wish to file a complaint about potential fraud, waste, abuse, or mismanagement in the DOI, please visit the OIG's online hotline at **[www.doioig.gov/hotline](http://www.doioig.gov/hotline)** or call the OIG hotline's toll-free number: **1-800-424-5081**



# Questions?

**SA Katharine Kovacek  
(720)354-6757**

**Katharine\_Kovacek@doioig.gov  
DOI OIG Hotline – (800) 424-5081**