



Protecting and Strengthening Tribal and Native Grant Programs – Partnerships with the Government

2018 ACL NATIONAL TITLE VI • Training
and Technical Assistance Conference

August 15, 2018





Agenda



- Introduction to the OIG,
 - James Ortmann, Office of Counsel to the Inspector General
- Internal Controls,
 - Maritza Hawrey, Office of Audit Services
- Fraud Statutes and Compliance Programs,
 - Andrea Treese Berlin, Office of Counsel to the Inspector General
- Detecting and Preventing Fraud in Tribal Programs,
 - Brian Harris, Office of Investigations





Who We Are





OIG Mission



To protect the integrity of Department of Health & Human Services programs as well as the health and welfare of program beneficiaries





What We Do



Audit



Evaluate



Investigate



Counsel





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Office of Inspector General
 U.S. Department of Health & Human Services

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NEW ITEMS ADDED to OIG's Work Plan

[Learn More >>](#)

What's New

April 24, 2018
 Colorado Did Not Always Comply With Federal Requirements When Expending Federal Establishment Grant Funds Allocated for Its Shared Eligibility System Costs

April 20, 2018
 The National Institute of Health in Mozambique

Latest Enforcement Actions

April 20, 2018; U.S. Department of Justice
 Miami Man Sentenced to More Than Eight Years in Prison for Role in \$10 Million Health Care Fraud Scheme

April 19, 2018; U.S. Attorney; Southern District of New York
 New York City Pharmacy Owner Pleads Guilty

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<https://oig.hhs.gov/>





Checkout our website

Home > Fraud > Grant Fraud

Grant Fraud

Small Business Innovation Research (SBIR) Fraud

> The Small Business Innovation Research (SBIR) program provides seed money to domestic start-ups, and small businesses so they can develop new and advanced technologies across a wide array of industries. OIG has found instances of fraud and waste in HHS's SBIR program. In this Eye on Oversight, Operations Officer Francis Montoya describes two fraud cases involving millions in SBIR grant funds being diverted for personal use.

Hurricane Sandy Grant and Contract Guidance

> Inspector General Daniel Levinson and OIG senior staff discuss grant and contract vulnerabilities related to Hurricane Sandy and how to minimize the risk of fraud, waste, and abuse in HHS grants.

 **Spread the Word: Fight Grant or Contract Fraud**

> This poster can help spread the word about grant or contract fraud and what you can do about it. To report fraud, waste, abuse, or mismanagement in HHS programs, use the OIG's Hotline.

Top Management Challenge: Protecting HHS Grants and Contract Funds from Fraud, Waste, and Abuse

> Annually, the Office of Inspector General (OIG) prepares a summary of the most significant management and performance challenges facing the Department of Health and Human Services (HHS). In 2013, Management Challenge 9 highlighted the challenges related to grant and contract funding.

Spotlight On... Grants Management and Oversight

> Did you know that the Department of Health and Human Services (HHS) is the largest grant-making organization in the Federal Government?

Grant Fraud Alert

> The Office of Inspector General (OIG) alerts the public to a new scheme: receiving "government grant money" as an incentive for paying taxes on time and providing personal or financial information. This scheme involves contact (by phone, email or letter) from someone pretending to be from a government agency, such as the U.S. Department of Health & Human Services (HHS).

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- Child Support Enforcement
- Consumer Alerts
- Contract Fraud
- Enforcement Actions
- Grant Fraud
- Medicaid Fraud Control Units
- Medicare Fraud Strike Force
- OIG Most Wanted Fugitives
- Report Fraud
- State False Claims Act Reviews
- Whistleblower Ombudsman

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<https://oig.hhs.gov/fraud/grant/index.asp>





Check out our webpage!



- Go to oig.hhs.gov
- Once there, in the right hand corner, search for **Indian Health and Human Services**

The screenshot shows the OIG website page for Indian Health and Human Services. The page has a navigation bar with 'Home > Reports & Publications > Indian Health and Human Services'. The main heading is 'Indian Health and Human Services'. Below the heading is a paragraph: 'This webpage offers an overview of the Office of Inspector General's (OIG) body of work as it relates to the Indian health and human services.' There are four tabs: 'Overview', 'Reports', 'Enforcement', and 'Resources'. The 'Overview' tab is selected and highlighted in blue. The content under the 'Overview' tab includes three paragraphs: 1. 'The Department of Health and Human Services (HHS) and its many agencies carry out health and human services programs for American Indians and Alaska Natives (AI/ANs) throughout the U.S.' 2. 'The Indian Health Service (IHS), which has a budget of approximately \$6 billion, provides or funds a wide range of clinical, public health, and community services to approximately 2.2 million AI/ANs who are members of the 567 federally recognized Tribes located in 35 states. IHS and tribally-run facilities generally also serve as Medicare and Medicaid providers for eligible AI/ANs.' 3. 'Other HHS agencies provide tribal grants for human services programs ranging from Head Start to the Low Income Home Energy Assistance Program.' Below this is a paragraph: 'OIG provides oversight over all HHS federal health care programs and grant programs that serve AI/ANs —through audits, evaluations and investigations.' The final paragraph states: 'We are committed to helping protect the HHS programs in Indian Country from fraud, waste and abuse so that tribal beneficiaries receive the health and human services that are so important to their well-'. To the right of the main content is a sidebar with a red header 'I'm looking for' and a search box with the text 'Let's start by choosing a topic' and a dropdown menu showing 'Select One'. Below the search box is a video player with the title 'Eye on Oversight Video: Challenges in Indian Health Service Hospitals' and a play button icon. Below the video player is a section titled 'Related Podcasts' with two entries: 'Voluntary Tribal Compliance Agreement (February 6, 2017)' and 'What is OIG's work in Indian Country? (August 11, 2016)'. At the bottom of the sidebar is a section titled 'Quick Fact'.





OIG Work Plan



[Home](#) > [Reports & Publications](#) > [Work Plan](#) > [Recently Added](#)

Recently Added

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Recently Added Items

Announced	Agency	Title	Component	Report Number(s)
April 2018	Centers for Medicare & Medicaid Services	Ensuring Dual-Eligible Beneficiaries' Access to Drugs Under Part D: Mandatory Review	Office of Evaluation and Inspections	OEI-05-18-00240
April 2018	Administration for Children and Families	Review of Sole Incumbent Grantees' Compliance With Head Start Program Requirements	Office of Audit Services	W-00-18-20017
April 2018	Office of the Assistant Secretary for Administration	HHS Email Policies and Practices	Office of Audit Services	W-00-18-42020; A-18-18-11050
April 2018	Centers for Medicare & Medicaid Services	Medicaid Nursing Home Supplemental Payments	Office of Audit Services	W-00-18-31530
April 2018	Centers for Medicare & Medicaid Services	CMS Medicare Overpayment Recoveries Related to Recommendations in OIG Audit Reports	Office of Audit Services	W-00-18-35807
April 2018	Administration for Children and Families	Review of Refugee Cash and Medical Assistance Payments	Office of Audit Services	W-00-18-20018; A-04-18-02010; A-04-18-02011

<https://oig.hhs.gov/reports-and-publications/workplan/index.asp>





TMC

9. Ensuring Program Integrity and Quality in Programs Serving American Indian and Alaska Native Populations

In FY 2016, HHS administered 45 percent of all Federal funds that serve American Indian and Alaska Native (AI/AN) communities—a total of \$7 billion. A number of HHS agencies administer programs for AI/ANs throughout the United States. With an annual budget of approximately \$6 billion, the Indian Health Service (IHS) is the largest of these programs and, in partnership with Tribes, provides or funds health care to approximately 2.2 million AI/ANs who are members of the 567 federally recognized Tribes located in 36 States served by 662 health care facilities. Other HHS agencies provide grants to Tribes for human services programs, ranging from Head Start to the Low Income Home Energy Assistance Program (LIHEAP). HHS faces significant challenges to ensuring effective delivery of crucial services to AI/ANs and protecting funds from fraud, waste, and abuse. Key components of the challenge are improving IHS quality of care, management, and infrastructure; combating fraud and misuse of funds, and ensuring adequate internal controls and staff training for HHS grant programs in Indian Country.

<https://oig.hhs.gov/reports-and-publications/top-challenges/2017/>





Internal Controls



Maritza Hawrey
Office of Audit Services
Grants and Internal Activities Division





Managing Grants through Internal Controls





Objectives



- What are Internal Controls? What are the benefits?
- Examples of Poor Internal Controls and How to Address them
- Internal Control Resources



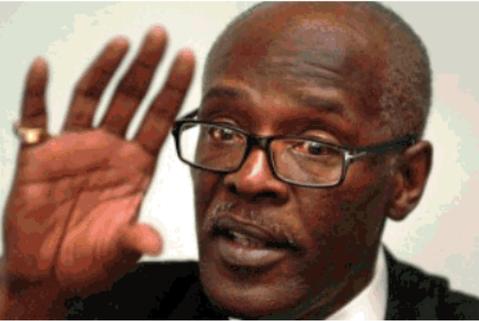


NEON 2011 audits show flawed accounting practices (Documents attached)

Story Comments Image (13) Print Font Size: - +

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Erik Trautmann

Mann under fire

Executive Director of Norwalk Opportunity Now (NEON) Joe Mann, address questions about a recent audit by the Office of the Inspector General during a press conference Thursday morning. Hour photo / Erik Trautmann

Posted: Monday, January 28, 2013 8:45 pm | Updated: 2:14 pm, Fri Jul 19, 2013.

By ROBERT KOCH
Hour Staff Writer

Posted on January 28, 2013
by Robert Koch

NORWALK -- Norwalk Economic Opportunity Now (NEON) didn't monitor its financial reporting system and lacked a segregation of duties in the areas of payroll, accounts payable, online banking and cash receipts.

Those are among the findings of a newly completed audit of NEON's books for the calendar year 2011.

On Monday afternoon, the anti-poverty agency released to the media, city officials and others the 2011 audit, as prepared by CohnReznick, LLP, as well as BlumShapiro's audit of CTE, Inc., for the nine-month period ending Sept. 30, 2011.





WHAT ARE INTERNAL CONTROLS?

WHAT ARE THEY GOOD FOR?





Green Book Definition



- An Internal Control is a process used by management to help and entity achieve its objectives.





Maintain an Effective Accounting System



- Accounting problems = control problems
- Accounting help you monitor and protect your program's funds.
- Keep source documents
- Goal: all grant dollars support that grant
 - Funds cannot be transferred from one program to another!





Manage a Detailed Timekeeping System



Timekeeping = greatest problem

- Personnel and salary costs are large
- Individual effort not traceable





Eligibility Controls



- What makes a person eligible to receive program benefits?
 - What age does a person need to be to receive meals?
 - What if they bring guests to meals?
- Definition should be consistent and well-communicated to intake personnel.
- Contact the granting agency if you need clarification on eligibility requirements.





Additional Internal Controls



- Top level performance reviews
- Reviews of individual grants
- Segregation of duties
- Health & Safety
- Access restrictions
- Supporting documentation
- Reconciliations
- Posting regularly and timely





Why should you have Internal Controls?



To defend your program!





Internal Controls are required



- 2 CFR § 200.303: “The non-Federal entity **must** establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”
 - Transactions are properly recorded and accounted for,
 - Transactions are executed in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award, and
 - Funds, property, and other assets are safeguarded against loss from unauthorized use.





Benefits of Internal Controls



- Provides management with added confidence regarding the achievement of program objectives
- Provides feedback on how effectively a Tribal program is operating
- Helps reduce risks affecting the achievement of program objectives
- Helps you make sure that your program doesn't run out of money





Examples of Poor Internal Controls





Example 1: Tribal Health Board



- Expenses Incurred by the Rocky Boy Health Board Were not Always Allowable or Adequately Supported (A-07-15-04221)





Failure to Track Payments



- Salary Payments – made prior to the end of the pay period
 - Allowed employees a salary advance
 - Duplicate salary payments totaling **\$82,175** over a 2-year period to seven employees
- Excessive Retirement Benefits - Employees received a percentage of their gross wages as a retirement benefit
 - Allowed advances on retirement benefits
 - Allowed to request advance for several consecutive pay periods
 - Eight employees – excessive retirement benefits of **\$65,696** for 1-year





Oversight Failures



- Overtime Payments
 - Two exempt employees received overtime payments - \$31,800
 - Non-exempt employees received overtime even though they did not work 40 hour work weeks (took annual or sick leave) - \$12,360

There was no policy or corresponding procedure to establish management oversight. This could have been achieved through monitoring unusual payroll expenses and authorizing approval for these compensations.





Tribal LIHEAP Audits



The Three Affiliated Tribes Improperly Administered Low-Income Home Energy Assistance Program Funds for Fiscal Years 2010 Through 2014 (A-07-16-04230)

The Turtle Mountain Band of Chippewa Indians Improperly Administered Some Low-Income Home Energy Assistance Program Funds for Fiscal Years 2010 Through 2013 (A-07-16-04233)





Example 2



Communication between project management
and financial staff





IV.5. Funding Restrictions

Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are considered **unallowable costs** under grants or cooperative agreements awarded under this funding opportunity announcement.

Note: Costs incurred for grant application preparation are not considered allowable costs under an award and may not be included in the project budget or budget justification.

Grant awards will **not allow reimbursement of pre-award costs.**

Construction is not an allowable activity or expenditure under this grant award.





Internal Control Resources



- 2 CFR § 200.303 and 2 CFR § 200.62 (Code of Federal Regulations)
- *Standards for Internal Control in the Federal Government* – by the Comptroller General of the United States dated September 2014
 - Website: <http://www.gao.gov/assets/670/665712.pdf>
- *Internal Control Management and Evaluation Tool* – by the General Accounting Office dated August 2001
 - Website: <http://www.gao.gov/assets/80/76615.pdf>
- Committee of Sponsoring Organizations of the Treadway Commission (COSO) - *Internal Control – Integrated Framework*
 - Website: https://www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/CorporateGovernanceRiskManagementInternalControl/Pages/COSO_Integrated_Framework_Project.aspx





Questions?





Compliance Programs for Grants Management



Andrea L. Treese Berlin

Senior Counsel

**Administrative and Civil Remedies Branch
U.S. Department of Health and Human Services
Office of Counsel to the Inspector General**





The Purpose of a Compliance Program

(Comply with what?)





False Claims Act (FCA)

31 U.S.C. Sections 3729-33



Prohibits knowingly making or causing to be made:

- False Claim**
- False record or statement**
- Reverse false claim (not repaying when discovered)**

Remedies:

- Treble Damages**
- Penalties**

Common Issues:

- Conspiracy**
- Not Medically**
- Reasonable or Necessary**
- Grant Fraud**

Essentially, when you knew or should have known that your actions caused the government to:

- 1) pay for something, but not get what it paid for, or**
- 2) provide funds to do something, but the money is being used for something else.**





Civil Monetary Penalties (CMPs) - 42 U.S.C. Section 1320a-7a



False or Fraudulent Claims

Grant and Contract Fraud

Kickbacks

Prohibition on Certain Physician Referrals (Stark)

Billing while excluded

Patient dumping (EMTALA)

About 40 other OIG CMPs





The Inspector General's Exclusion Authorities 42 U.S.C. Section 1320a-7



An excluded individual or entity may not get paid, either directly or indirectly, by the Federal health care programs, for an items or services they furnish, order, or prescribe.

Another remedy that effects the ability to get paid is suspension/debarment.





Self-Disclosure



- Should I disclose?
- How do I disclose?

**Self-Disclosure
Online Submission**





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Home > Compliance > Self-Disclosure Information

Self-Disclosure Information

The Office of Inspector General (OIG) has several self-disclosure processes that can be used to report potential fraud in Department of Health and Human Services (HHS) programs. Choose the one that applies to you from the following descriptions to learn more.

Self-disclosures should not be reported to the OIG Hotline.

Health Care Provider Self-Disclosures

- Health care providers, suppliers, or other individuals or entities subject to [Civil Monetary Penalties](#) can use the Provider Self-Disclosure Protocol, which was created in 1998, to voluntarily disclose self-discovered evidence of potential fraud. Self-disclosure gives providers the opportunity to avoid the costs and disruptions associated with a Government-directed investigation and civil or administrative litigation. Visit the [Provider Self-Disclosure Protocol](#) webpage for more information.

I'm looking for

Let's start by choosing a topic

Select One

- Accountable Care Organizations
- Advisory Opinions
- Compliance Resource Portal
- Compliance Guidance
- Corporate Integrity Agreements
- Open Letters





HHS Grantee Self-Disclosures



[Self-Disclosure Protocol](#) webpage for more information.

HHS Contractor Self-Disclosures

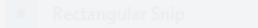
- Contractors are individuals, businesses, or other legal entities that are awarded Government contracts, or subcontracts, to provide services to the Department of Health and Human Services (HHS). OIG's contractor self-disclosure program enables contractors to self-disclose potential violations of the False Claims Act and various Federal criminal laws involving fraud, conflict of interest, bribery or gratuity. This self-disclosure process is available for those entities with a Federal Acquisition Regulation-based contract. Visit the [Contractor Self-Disclosure](#) webpage for more information.

HHS Grantee Self-Disclosures

- HHS grantees or subrecipients may voluntarily disclose evidence of potential violations of Federal criminal law involving fraud, bribery, or gratuity violations, potentially affecting the Federal award. 45 C.F.R. 75.113 notes mandatory disclosures of criminal offenses that non-Federal entities must make with respect to HHS grants. Recipients submitting disclosures in connection with this requirement should include the subject reference line "Mandatory Grant Disclosure." Recipients choosing to disclose conduct that may not fit squarely within the scope of offenses described in 45 C.F.R. 75.113, should include the following subject reference line in the submission: "Voluntary Grant Disclosure."

Both mandatory and voluntary self-disclosures should be mailed to:

DHHS/OIG/OCIG
 Grantee Self-Disclosures
 330 Independence Avenue, Room 5527
 Washington, DC 20201



- [Open Letters](#)
- [RAT-STATS](#)
- [Safe Harbor Regulations](#)
- [Self-Disclosure Information](#)
- [Special Fraud Alerts, Bulletins, and Other Guidance](#)



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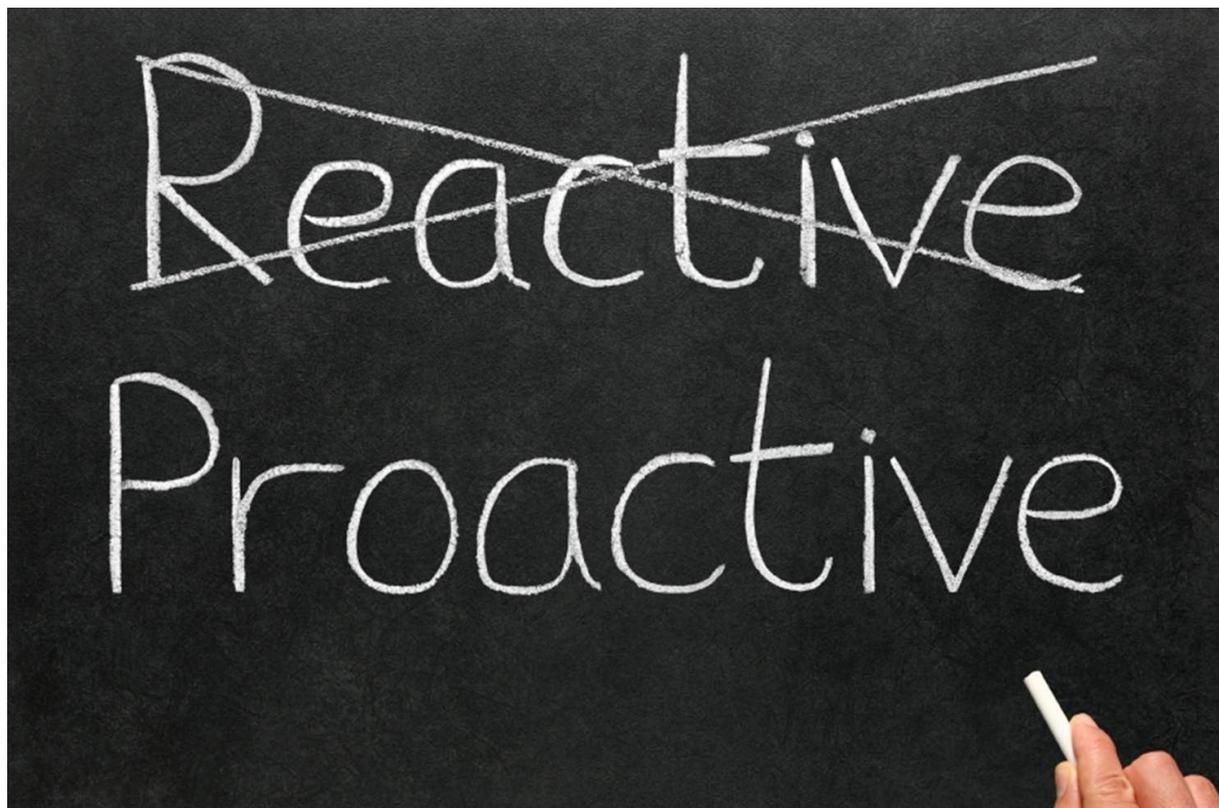
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Key Components of a Compliance Program







Seven Fundamental Elements



1. Written policies and procedures
2. Compliance professionals
3. Effective training
4. Effective communication
5. Enforcement of standards
6. Internal monitoring
7. Prompt response





Tips for Structuring a Compliance Program





Where Can I Look for Guidance?



OIG.HHS.GOV

Grants Fraud

Other Integrity Agreements

Compliance Resources Portal

Fraud Alerts

Provider Education

Tribal Alert

Voluntary Tribal Compliance Agreement

Indian Health and Human Services Web Page





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Grant Fraud

Small Business Innovation Research (SBIR) Fraud

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Hurricane Sandy Grant and Contract Guidance

> Inspector General Daniel Levinson and OIG senior staff discuss grant and contract vulnerabilities related to Hurricane Sandy and how to minimize the risk of fraud, waste, and abuse in HHS grants.



Spread the Word: Fight Grant or Contract Fraud

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- Child Support Enforcement
- Consumer Alerts
- Contract Fraud
- Enforcement Actions
- **Grant Fraud**
- Medicaid Fraud Control Units





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COMPLIANCE RESOURCES

This page provides links to handy resources for the public that can help ensure that you are in compliance with Federal health care laws.



Toolkits



Provider Compliance Resources and Training



Advisory Opinions

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Email your suggestions for new OIG compliance resources





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Home > Compliance > Corporate Integrity Agreements

Corporate Integrity Agreements

OIG negotiates corporate integrity agreements (CIA) with health care providers and other entities as part of the settlement of Federal health care program investigations arising under a variety of civil false claims statutes. Providers or entities agree to the obligations, and in exchange, OIG agrees not to seek their exclusion from participation in Medicare, Medicaid, or other Federal health care programs.

CIA's have many common elements, but each one addresses the specific facts at issue and often attempts to accommodate and recognize many of the elements of preexisting voluntary compliance programs. A comprehensive CIA typically lasts 5 years and includes requirements to:

Related Information

- Corporate Integrity Agreement Documents
- Corporate Integrity Agreement FAQs
- Quality of Care CIAs
- CIA Compliance Resources
- CIA Enforcements

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- Accountable Care Organizations
- Advisory Opinions
- Compliance Resource Portal
- Compliance Guidance
- Corporate Integrity Agreements
 - Corporate Integrity Agreement Documents





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Special Fraud Alerts

06-25-2014

> [Special Fraud Alert: Laboratory Payments to Referring Physicians](#)

> [Bulletins](#)
> [Other Guidance](#)

03-26-2013

> [Special Fraud Alert: Physician-Owned Entities](#)

01-13-2010

> [Updated Special Fraud Alert: Telemarketing by Durable Medical Equipment Suppliers](#)
> [OIG Letter Regarding Updated Special Fraud Alert \(03-02-2010\)](#): [Telemarketing by Durable Medical Equipment Suppliers](#)
> [CMS Telemarketing Frequently Asked Questions](#)^o

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Grant Fraud Alert

The Office of Inspector General (OIG) is alerting the public to the latest scheme to defraud the government and steal money from the American people.

This scheme involves contact (by phone, email or letter) from someone pretending to be from a government agency, such as the U.S. Department of Health & Human Services (HHS). Although the precise message may vary, the caller or writer provides his or her name and a fake employee ID, and then typically tells you that you will receive "government grant money" as an incentive for paying taxes on time. The caller will then ask for personal or financial information, such as a Social Security number or bank account number. The caller may also ask you to send a check or wire transfer to cover a "processing fee."

If you receive such a call, **hang up immediately!** If you receive such an email or letter in the mail, **do not respond!** Call 1-800-HHS-TIPS (1-800-447-8477; TTY 1-800-377-4950).

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Other Guidance

01-05-2018

> [OIG Letter to PhRMA: Drug Companies that Provide Free Drugs to Federal Health Care Program Beneficiaries Impacted by Caring Voice Coalition, Inc.'s Decision Not to Provide Patient Assistance in 2018](#)

- > [Bulletins](#)
- > [Special Fraud Alerts](#)

12-07-2016

> [Policy Statement Regarding Gifts of Nominal Value To Medicare and Medicaid Beneficiaries](#)

06-22-2016

> [Alert: Improper Arrangements and Conduct Involving Home Health Agencies and Physicians](#)

10-30-2015

> [OIG Policy Statement Regarding Hospitals That Discount or Waive Amounts Owed by Medicare Beneficiaries for Self-Administered Drugs Dispensed in Outpatient Settings](#)

10-06-2015

> [OIG Policy Reminder: Information Blocking and the Federal Anti-Kickback Statute](#)

> [From the IG: A Reminder about Information Blocking and the Federal Anti-Kickback Statute](#)

06-09-2015

> [Fraud Alert: Physician Compensation Arrangements May Result in Significant Liability](#)

11-24-2014

> [OIG Alerts Tribes and Tribal Organizations To Exercise Caution in Using Indian Self-Determination and Education Assistance Act Funds](#)

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Indian Health and Human Services

This webpage offers an overview of the Office of Inspector General's (OIG) body of work as it relates to the Indian health and human services.

- Overview
- Reports
- Enforcement
- Resources

Overview

The Department of Health and Human Services (HHS) and its many agencies carry out health and human services programs for American Indians and Alaska Natives (AI/ANs) throughout the U.S.

The Indian Health Service (IHS), which has a budget of approximately \$6 billion, provides or funds a wide range of clinical, public health, and community services to approximately 2.2 million AI/ANs who are members of the 567 federally recognized Tribes located in 35 states. IHS and tribally-run facilities generally also serve as Medicare and Medicaid providers for eligible AI/ANs.

Other HHS agencies provide tribal grants for human services programs ranging from Head Start to the Low Income Home Energy Assistance Program.

I'm looking for

Let's start by choosing a topic

Select One

Eye on Oversight Video: Challenges in Indian Health Service Hospitals



Related Podcasts

Voluntary Tribal Compliance Agreement (February 6, 2017)





Ten Practical Tips



- 1** Make compliance plans a priority **now**



- 2** Designate (and empower!) an individual or team responsible for compliance





Ten Practical Tips



3 Know risk areas



4 Manage your sub-awards





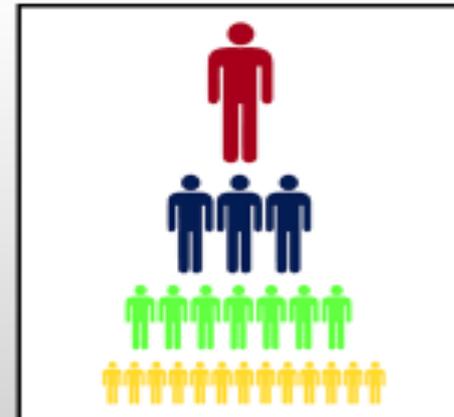
Ten Practical Tips



5 Educate your employees



6 Carry a message of compliance from top to bottom





Ten Practical Tips



7 Conduct audits



8 Just because someone else does something **doesn't** mean you *can* or *should*





Ten Practical Tips



9 Open lines of communication



10 When in doubt, ask for help





Detecting and Preventing Fraud in Tribal Programs



Special Agent Brian Harris
Office of Investigations
Special Investigations Branch





Our Mission



OIG's mission is to protect the integrity of HHS programs.

OIG conducts investigations of fraud and misconduct related to HHS programs, operations and employees.

- Criminal
- Civil
- Administrative





Working together



- There are six components that carry out this mission.
 - Immediate Office (IO)
 - Office of Policy and Management (OMP)
 - Office of Audit Services (OAS)
 - Office of Evaluation and Inspections (OEI)
 - Office of Counsel to the Inspector General (OCIG)
 - Office of Investigations (OI)





Fraud



Let's talk fraud.....





Fraud, Waste & Abuse



- Fraud includes any intentional or deliberate act to deprive another of property or money by deception, or other unfair means.
- Intentional or unintentional, careless spending or mismanaging government funds.
- Excessively or improperly using government resources, including position and authority





Types of Fraudulent Conduct



- Theft/embezzlement (grant administrators/program directors)
- Bribery of officials and contractors
- Grantees and recipients providing false information on applications
- False documents including invoices
- Unauthorized/inflated salaries (staff, family, friends)
- Wages paid, yet no work performed
- Grant funds used for personal travel and other items of personal enhancement





Fraud, Waste, and Abuse



THE FRAUD TRIANGLE

Pressure
Motivation or Incentive to
Commit Fraud

Rationalization
Justification of Dishonest
Actions



Opportunity
The Knowledge and Ability
to Carry Out Fraud

The Fraud Triangle by Donald R. Cressey





Scope



Appropriate
Operations

Mistakes

Gross
Negligence

Fraud

Fraud Scale





Fraud Indicators



- One person in control
- No separation of duties
- Lack of internal controls
- No prior audits
- High turnover of personnel
- Conflict of Interest
- Money problems
- Allegations of fraudulent conduct
- Unusual behavior
- Living beyond means





Investigating Grant Fraud



- Interviews
- Investigative subpoenas
- Surveillance
- Document review
- Consensual monitoring
- Trash runs

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"UNFORTUNATELY, THE PAPER TRAIL LED TO THE SHREDDER."





Fraud Schemes



- Hiring/contracting family members
- Issuing checks to friends/relatives/self
- Participating in decision-making process when family members are involved





Fraud Schemes



XYZ, Inc.
123 Anywhere St.
Olympia, WA 98501
000.000.0000 Fax 000.000.0000

INVOICE

INVOICE NO: 2
DATE: August 2002

To: Mr. and Mrs. Jones Billing Period: July 2001

ACTIVITY	DESCRIPTION	AMOUNT
Misc.	Building permit	\$200.00
	Architectural services	500.00
	Dozer rental	1,000.00
	Paid dozer rental tax	80.00
	SUBTOTAL	\$1,780.00
	Profit & overhead	178.00
	TOTAL SUBJECT TO TAX	\$1,958.00
	SALES TAX @ .08	156.64
	TOTAL DUE	\$2,114.64

Make all checks payable to: XYZ, Inc.
THANK YOU FOR YOUR BUSINESS!

- Submitting invoices for personal expenses
- Diverting funds to bogus/related companies
- Inflating labor costs/hours/enrollees
- Hiring or charging for ghost employees, contractors or consultants

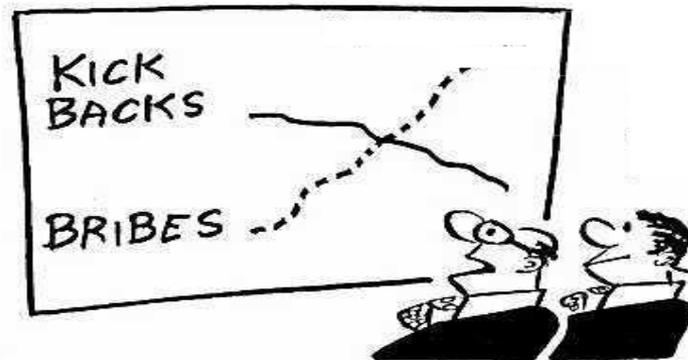




Fraud Schemes



- Falsifying grant applications or progress reports
- Fees for non-existent consulting services
- Using funds for unauthorized purposes
- Creating fictitious records
- Accepting kickbacks



"Nice to see your dept made a profit,





Case Study





Case Study



LIHEAP



- *United States v. Samone Milk, et al*
- Oglala Sioux Tribe (OST) contacted the OIG for assistance when the LIHEAP program ran out of propane during the winter season
- Kickbacks and embezzlement by OST employees and contractors
- DHHS – Administration for Children & Families provide FY 2010 funding to OST:
 - Low Income Home Energy Assistance Programs (LIHEAP) funding: \$1,131,308
 - Community Service Block Grant (CSBG) funding: \$490,328
- LIHEAP provides funding to OST for heating assistance, cooling assistance, crisis intervention assistance, and weatherization.
- CSBG provide funding to alleviate the causes and conditions of poverty
- OST lacked significant program oversight and internal controls resulting in Federal funds being used for personal benefits.
- OST employees and OST contractors participated in the pay-to-play scheme
- Restitution was paid back to the Tribe.





Case Study



Samone Milk

aka Samone Long Pumpkin

- Executive Secretary – OST LIHEAP Office
- Ring leader of OST LIHEAP Scheme
- Recruited Treasurer's Office employee and contractors
- Drafted fake invoices and other documents
- Federal funds used for cocaine, alcohol, partying, etc.
- Plead guilty to 18 USC §§ 371 and 666(a)(1)(A)
- Sentenced to 14 months in BOP custody
- Restitution: \$109,135



Heather Garcia

aka Heather Brings Plenty

- Accounts Payable Technician – OST Treasurer's Office
- Plead guilty to 18 USC § 666(a)(1)(A)
- Sentenced to five years probation
- Restitution: \$83,585



Joe Garcia

- OST Tribal Contractor
- Plead guilty to 18 USC §§ 371 and 666(a)(1)(A)
- Was on supervised release during offenses (cocaine conviction)
- Sentenced to 15 months in BOP custody
- Restitution: \$83,585





Case Study



Wayne W. Cortier

- Federal Employee with the Department of Interior
- OST Tribal Contractor
- Plead guilty to 18 USC §§ 666(a)(1)(A) and 2
- Sentenced to one year probation
- Restitution: \$27,620



Robert L. Running Bear

- OST Employee – LIHEAP Office
- Acting Director and Data Coordinator
- Kickback case with Wayne Cortier for car
- Plead guilty to 18 USC § 1163
- Sentenced to one year probation
- Restitution: \$2,070





Report Suspected Fraud, Waste or Abuse to HHS OIG



REPORT FRAUD NOW!

or you may also forward your tip to one of the following:

<http://www.oig.hhs.gov>

Phone:
1-800-HHS-TIPS (1-800-447-8477)

TTY:
1-800-377-4950

HHS-OIG no longer accepts tips submitted via email.

Mail:
U.S. Department of Health and Human Services
Office of Inspector General
ATTN: OIG HOTLINE OPERATIONS
P.O. Box 23489
Washington, DC 20026

***Reporting suspected fraud to OIG Hotline Operations
does not result in a prosecution the next day.***

A Hotline complaint is an *allegation*.

Hotline complaints are treated with privacy and discretion.

OIG conducts independent investigations and hotline complaints can provide helpful information.





Questions?



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