



**Department of Justice  
Office of the Inspector General**

**\$718,000,000,000 of Hope and Hazard**

**Ken Dieffenbach, CFE**

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**Office of the Inspector General**

**To detect and deter  
waste, fraud, abuse, and  
misconduct in DOJ  
programs and  
personnel, and to  
promote economy and  
efficiency in those  
programs.**



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- **Grants**
- **Safeguards**
- **UGG**

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<p><u>FAR 52.203-13, Contractor Code of Business Ethics and Conduct (December 2008)</u></p> <p>...timely disclosure in writing to the agency Office of the Inspector General, with a copy to the Contracting Officer, whenever in connection with award, performance, or close-out of this contract or any subcontract thereunder, the contractor has “credible evidence” that a principle, employee, agent, or subcontractor of the contractor has committed a violation of federal criminal law involving fraud, conflict of interest, bribery or gratuity or violation of the civil False Claims Act.”</p> <p><small>Also see: FAR Part 52.209-5 Certification Regarding Responsibility Matters</small></p>		<p><u>Uniform Guidance 2 CFR § 200.113 Mandatory Disclosures</u></p> <p>Must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.</p> <p>Failure to make required disclosures can result in any of the remedies described in §217 200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR Part 180 and 31 U.S.C. 3321).</p>
<p><b>No Credible evidence standard; no reports to OIGs; no False Claims Act citation</b></p>		

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# Risk

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# **Lying, Cheating, and Stealing**

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# **Lying, Cheating, and Stealing**

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## **Inducement Fraud**

**Two individuals submitted grant proposals using the stolen identities of real people to create false endorsements and also lied about their facilities, costs, the principal investigator on some of the contracts, and certifications in the proposals.**

**(Source: Press Release, U.S. Attorney's Office, Middle District of Florida, September 11, 2015)**

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## **Failure to Have Accounting Procedures**

**An organization certified that it had written procedures in place to protect grant funds from misuse. A court later found that the organization did not have such policies and ordered payment of \$844,985.**

**(Source: Court Order, Eastern District of California, December 2014)**

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## **Commingling**

**Big Brothers Big Sisters of America agreed to pay the United States \$1.6 million to resolve allegations of false claims related to their commingling of over \$10 million in grant funds with general operating funds.**

**(Source: Press Release, U.S. Attorney's Office, Eastern District of Pennsylvania, January 21, 2016)**

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## **Failure to Fulfill a Key Grant Provision**

**A grantee failed to perform or failed to maintain records of having completed criminal history checks on their volunteers. Grantee employees later "cut and pasted" forms in an effort to conceal this shortcoming.**

**(Source: Press Release, U.S. Attorney's Office, Eastern District of Pennsylvania, June 28, 2019)**

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## **Research Compliance**

**A university professor created false Institutional Review Board approvals and submitted them to the government in connection with multiple proposals.**

**(Source: Press Release, U.S. Attorney's Office, Western District of Pennsylvania, March 21, 2018)**

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## **Research Misconduct**

**An individual knowingly made false statements about his research results, and these statements resulted in additional federal grant awards.**

**(Source: Press Release, U.S. Attorney's Office, Southern District of Iowa, July 1, 2015)**

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# **Lying, Cheating, and Stealing**

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## **Grantee Ineligibility**

**The government awarded a grant to a nonprofit organization, which in essence turned over the award funds and program responsibilities to a related for-profit entity.**

**(Source: Press Release, U.S. Attorney's Office, Eastern District of Kentucky, September 19, 2018)**

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## **Organizational Self-Dealing**

**Several individuals sent federal grant funds intended for nonprofit public health services to for-profit entities controlled by the conspirators.**

**(Source: Press Release, U.S. Attorney's Office, Northern District of Alabama, June 17, 2016)**

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## **Sub Award Self-Dealing**

**An elected state official helped direct a federal grant sub award to a university while also separately negotiating with the school to run the newly created program.**

**(Source: Press Release, U.S. Attorney's Office, Eastern District of Virginia, August 12, 2011)**

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# **Lying, Cheating, and Stealing**

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## **Charter Schools Theft**

**An individual stole \$3 million from several charter schools by creating fake companies and funneling school funds to those “businesses.”**

**(Source: Press Release, U.S. Attorney’s Office, District of New Mexico, October 12, 2018)**

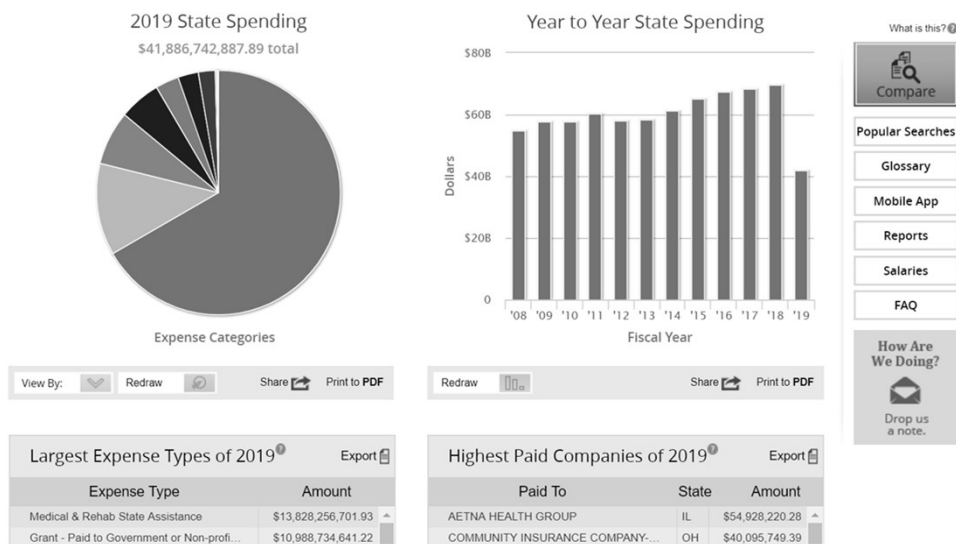
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## Emerging Issues

- **Alternative remedies; civil monetary penalties**
- **Research misconduct**
- **Technology transfer**
- **Spending transparency**

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## Ohio Checkbook



[www.ohiocheckbook.com](http://www.ohiocheckbook.com)

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## Campaign spending: Romney prefers Panera; Obama likes Cosi



**Panera: \$9,266.34 Cosi: \$1,077.85**

Source: [www.politico.com/news/stories/1012/82349\\_Page3.html](http://www.politico.com/news/stories/1012/82349_Page3.html), Oct. 2012

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# FEC.gov

## “Report to Taxpayers”

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# Fraud Prevention

- **Internal Controls Matter**
- **Read the Agreement**
- **Due Diligence is an Ongoing Responsibility**
  - **Consultants and other Procurements**
  - **Time and Effort Reports**
  - **Indirect Cost Rates**
  - **Applications, Financial Certifications, Progress Reports, & Drawdowns**
- **If in Doubt, Ask the Grantor or an Outside Expert**
- **Facilitate an Internal Dialogue**

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