



Weeding Out Waste, Fraud, And Abuse Department By Department

I. DEPARTMENT OF AGRICULTURE

- In 1999, \$1 billion was spent paying for food stamp benefits to the wrong people while certain eligible recipients were shortchanged a total of \$450 million. These errors equaled nearly 10% of the total food stamp budget. (GAO, "Food Stamp Program: States Seek to Reduce Payment Errors and Program Complexity," GAO-01-272 January, 2001)
- While states administer the food stamp program, the federal government pays for it. In 1998, the states erred almost 9% of the time. OMB estimated that \$90 million could be saved if that error rate was reduced to 7.8%. (OMB estimate, February 2003)
- 25% more children received free or cheaper school lunches than were eligible according to Census data on the number of children whose family incomes were low enough. \$1.8 billion in subsidies were given to ineligible children in 2002. In addition, the Women, Infants, and Children Program supports the nutritional needs of low-income mothers and their children, but since the program does not verify incomes, similar numbers of participants could be ineligible. (Los Angeles Daily News, February 26, 2003)
- GAO discovered that for every policy area that the Department is involved in, there is at least one other agency that performs the same activity. (GAO, "Department of Agriculture: Similarities Between Activities of the Department and Other Agencies," December 1998)
- Over the past five years, law enforcement has arrested 6,733 fugitives who were illegally receiving food stamps. They include 1,500 accused drug offenders, 31 murders, 45 sex offenders and child molesters, and hundreds wanted for assault and robbery. (Department of Agriculture, Office of Inspector General, "Operation Talon: October 2000 Update.")
- Investigations reveal that thousands of prisoners and dead people have been included as family members in order to continue receiving food stamps. (General Accounting Office, "Major Management Challenges and Program Risks: Department of Agriculture," GAO-OCG-99-2 January 1999)
- Numerous investigations have uncovered cases of food stamp "trafficking" or fraudulent receipt of food stamps by the wrong individuals. Examples include: (1) one New York City grocery store owner who laundered \$1.3 million worth through his store, (2) a bartender with a drug history who exchanged food stamps for cocaine, making him one of 17 traffickers who purchased a total of \$269,000 in food stamps from undercover agents for resell to food retailers in Seattle, and (3) 24 California grocery stores who committed roughly \$50 million worth of food stamp fraud over

three years. (Department of Agriculture, Office of Inspector General, “Semiannual Report to the Congress” September 30, 2000) According to the USDA, 3.5 cents of every dollar in food stamp benefit is sold illegally for cash. Over a three year period, trafficking cost taxpayers about \$660 million. Furthermore, storeowners routinely ignore federal regulations with respect to food stamp benefits and have incurred a total of \$78 million in fines over a six year period – 87% of which went uncollected. (GAO, “Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds,” GAO-03-922T, June 2003)

- 12 different federal agencies have authority over 35 different areas of food safety law. The Department of Agriculture inspects meat pizzas while the FDA inspects non-meat pizzas. Most have differing methods of inspection. In addition, diversity has not bred success in that as many as 76 million illnesses, 325,000 hospitalizations, 5,000 deaths occur each year as a result of unsafe food – costing \$37 billion each year in medical expenses and productivity losses. (General Accounting Office, “Major Management Challenges and Program Risks: Department of Agriculture,” GAO-01-242 January 2001)
- A California manager of a rural housing complex was convicted for using program resources for personal use, erecting dummy landscaping companies, and stealing money from the laundry facilities on the complex. (Department of Agriculture, Office of Inspector General, “Semiannual Report to the Congress” March 2000)
- 11 farm labor housing projects in 3 different states received \$475,000 in improper payments. One investigation uncovered a housing authority in Washington that overcharged three projects almost \$400,000 in management fees over a three year period. (Department of Agriculture, Office of Inspector General, “Semiannual Report to the Congress” September 2000).
- From 1994 to 2000 (a seven year stretch), the Department could not account for or manage its assets of over \$124 billion or program costs equaling more than \$84 million. It failed its annual audit each year despite operating 66 different financial management systems. One such system, “the Central Accounting System,” was identified as not working and incapable of being fixed. (Department of Agriculture, Office of Inspector General, “Report on the Department’s Consolidated Financial Statements for Fiscal Year 2000” February 2001)
- As a result of an inability to perform annual inventories, the Department could not verify in FY1999 that it actually owned \$888 million in assets – unless it really did own a \$97 million vehicle and a \$11 million microscope. (Roger C. Viadero, Inspector General, Department of Agriculture, Statement before the House Subcommittee on Government Management, Information, and Technology March 21, 2000)
- The Department of Agriculture could not account for \$5 billion of receipts and expenditures, meaning it could not distinguish where the money came from or where it went. (Department of Agriculture Inspector General, Testimony before the Senate Committee on Agriculture, Nutrition, and General Legislation on the Status of Financial Management at the Department of Agriculture, September 2000)

II. DEPARTMENT OF COMMERCE

- A Census Bureau secretary was convicted of stealing government property after using a government purchasing card to buy clothing, jewelry, electronic equipment, etc., totaling about \$800. Another Department secretary used a government credit card to charge more than \$4,000

for personal items. (Department of Commerce, Office of Inspector General, "Semiannual Report to the Congress" September 2000)

III. DEPARTMENT OF DEFENSE

- In 2000, the Pentagon made \$4.4 billion in "problem disbursements" where they could not attach the payment with a corresponding bill or obligation. These disbursements also include instances where a payment was issued but not received by the appropriate entity. (General Accounting Office, "Defense Inventory: Army Needs to Strengthen and Follow Procedures to Control Shipped Items," NSIAD-00-10 June 23, 2000)
- The Pentagon's Standard Procurement System is more than three years behind schedule and 28% more expensive than intended, and GAO estimates that when fully running it will only recoup 37% of its cost. If the project was cancelled it would save \$215 million over ten years. (General Accounting Office, "DoD Systems Modernization: Continued Investment in the Standard Procurement System Has Not Been Justified," July 2001. CBO estimate, December 2002)
- As a result of lax controls, the Pentagon's purchasing cards have been used inappropriately on gambling, cruises, jewelry, and even prostitution. The Appropriations Committee estimates that better controls would save taxpayers \$97 million a year. (GAO, "Travel Cards: Control Weaknesses Leave Navy Vulnerable to Fraud and Abuse, December 2002. Report of the Committee of Appropriations to Accompany H.R. 5010, June 2002)
- The Pentagon runs three different systems for providing retailing services on bases. CBO estimates that consolidating them into one system would avoid duplicative warehousing and purchasing and save \$1.7 billion over ten years. (CBO Budget Options, March 2003)
- It costs the Military Health System \$7.50 to process health claims while Medicare can do it for \$1.78. (Department of Defense, Office of Inspector General, "Semiannual Report to the Congress, March 2000)
- According to the GAO, the Navy lost \$3 billion of inventory "in transit." The Navy had no record of the property and although much of it was later recovered, it cost a number of unnecessary purchases. (General Accounting Office, "Defense Inventory: Continuing Challenges in Managing Inventories and Avoiding Adverse Operational Effects," GAO/T-NSIAD-99-83, February 1999)
- The Navy also lost roughly \$600,000 worth of generators. The generators were later found, but the Navy had already purchased more than \$1 million worth of replacements with another \$2 million on the way. (General Accounting Office, "Department of the Navy: Breakdown of In-Transit Inventory Process Leaves It Vulnerable To Fraud," GAO/OSI/NSIAD-00-61, February 2000)
- In 1999, the Army "found" 56 airplanes, 32 tanks, and 36 Javelin-command launch units for which it had no records. (General Accounting Office, "Defense Inventory: Army Needs to Strengthen and Follow Procedures to Control Shipped Items," GAO/NSIAD-00-109, June 2000)
- The Pentagon spent \$41 million in order to better track its ammunition. After eight years of work, no system was in working order or near completion. (Department of Defense, Office of Inspector General, "Development and Implementation of a Joint Ammunition System," D-2001-014, December 2000)

- Over a five year period, the Pentagon inadvertently paid \$1.2 billion to some of its defense contractors. On a separate occasion, it paid out \$3.6 billion in improper payments to its contractors. (General Accounting Office, “Financial Management: Billions in Improper Payments Continue to Require Attention,” GAO-01-44, October 2000)
- According to the GAO, the Army could not account for roughly \$900 million in shipped inventory. (General Accounting Office, “Defense Inventory: Army Needs to Strengthen and Follow Procedures to Control Shipped Items,” NSIAD-00-10 June 23, 2000)
- To improve the management of its inventory, the Pentagon spent \$41 million on a system to track its ammunition. But after eight years of work, the Pentagon did not have one in place or even one close to completion. (Department of Defense, Office of Inspector General, “Development and Implementation of a Joint Ammunition System,” D-2001-014 December 6, 2000)
- The Pentagon spent \$76 million to track the many security investigations it conducts in order to streamline the process. After spending the money on the project, the amount spent on investigations was not reduced. (Department of Defense, Office of Inspector General, “Program Management of the Defense Security Service Case Control Management System,” D-2001-019 December 15, 2000)
- The Pentagon spent \$100 million to coordinate its efforts to protect the environment and after nine years could demonstrate no success, leading the Inspector General to conclude that the project be eliminated. (Department of Defense, Office of Inspector General, “Defense Environmental Security Corporate Information Management Program,” D-2001-015 December 7, 2000)
- In a review of the Pentagon’s contracting practices, an audit discovered that the government estimated wrong 77% of the time and that the Department did not take appropriate steps to get the best service at the best price. (Department of Defense, Office of Inspector General, “Contracts for Professional, Administrative, and Management Support Services,” D-2000-100 March 10, 2000)
- The Defense Logistics Agency spent \$.05 for a screw in 1997 and \$17.72 in 1998 and 46 cents for a machine bolt in 1997 and \$140 in 1998 – highlighting remarkable annual increases. (General Accounting Office, “Defense Acquisitions: Price Trends for Defense Logistics Agency’s Weapon System Parts” November 2000)
- The Pentagon spent \$1.4 million on propeller blade heaters for the C-130 and P3 aircraft – 125-150% more than fair market value. And specifically, the Pentagon’s Inspector General estimated that Warner Robins Air Force Base could have reduced its spending for parts by \$17 million over a five year period from 2001 to 2006. (Department of Defense, Office of Inspector General, “Spare Parts and logistics Support Procured on a Virtual Prime Vendor Contract” June 14, 2000, 23)

IV. DEPARTMENT OF EDUCATION

- In Miami, Florida, nine individuals were caught in a scheme to defraud the government of student aid resources. They recruited a population of seniors, who had taken an arts and crafts class, and got them qualified for Pell grants. (Department of Education, Office of Inspector General, “Semiannual Report to the Congress” September 30, 2000)
- 23% of all the individuals whose loans were discharged due to a disability were actually holding jobs. In addition, many are discharged of their debt when they “die” only to earn income after

their death. According to the House Budget Committee, clamping down on improper loan forgiveness could yield about \$40 million a year. (House Budget Committee, June 1999)

- The GAO reported that student loan defaults cost the federal government roughly \$4 billion in 1999 and almost \$30 billion over the last ten years. (GAO, “High-Risk Series: An Update,” GAO-01-263, January 2000)
- In 2000, two doctors claimed to be disabled – one confined to his home and the other to a wheelchair – in order to have \$40,000 worth of loans discharged. An investigation caught them together riding bicycles and swimming at the beach and revealed that the pair had used a non-existent physician and lawyer to sign the pertinent papers. (Lorraine Lewis, Inspector General, Department of Education, Statement before the House Budget Committee Task Force on Education May 24, 2000)
- In 1999, DoEd made a number of improper payments, including about \$125 million in duplicate payments to 45 different grantees, \$664,000 in duplicate payments to 51 different schools, and a \$6 million double payment to a single school. (Lorraine Lewis, Inspector General, Department of Education, Statement before the Oversight Subcommittee of the House Committee on Education and the Workforce September 19, 2000)
- Three DoEd employees used taxpayer dollars to purchase computers, software, telephones, CD players, and a television. Their total bill was well over \$300,000. In addition, the employees were paid roughly \$634,000 for work never performed. (Lorraine Lewis, Inspector General, Department of Education, Statement before the Oversight Subcommittee of the House Committee on Education and the Workforce September 19, 2000)
- At the end of 2000, the Department had failed to implement a 1998 law requiring the IRS to verify the income information submitted by student aid applicants because of a disagreement with the IRS over how to do so. (Department of Education, Office of Inspector General, “Top Ten Management Challenges for the DoEd” December 8, 2000)
- Over a three year period from 1999-2001, DoEd wasted at least \$450 million – enough to pay for 194,000 extra Pell grants, increase the Charter School Program by 80%, or double the amount given to states to keep schools free and clear of drugs. (Michael Fletcher, “Education Audit Finds \$450 Million Misused; Agency’s Problems Persist, Panel Told,” The Washington Post April 4, 2001)
- In 2001, an audit discovered that DoEd had listed \$900 million as an asset instead of liability and could not account for \$56 million in missing funds. (Department of Education, Office of Inspector General, “Top Ten Management Challenges for the DoEd” December 2000)

V. DEPARTMENT OF ENERGY

- A Department employee died 11 months prior to officials discovering that he had still not returned four secret documents. In addition, one employee confessed to installing a wiretap at a nuclear lab but was never prosecuted for it. (Doyle McManus and Bob Drogrin, “Nuclear Security Panel Assails Energy Department,” Los Angeles Times, June 1999)
- 45 different offices within the Energy Department bought the same major database program, and 24 different offices paid for exact same Internet security program. Two separate offices purchased the same word processing software at wildly different prices, \$232 versus \$335. (Department of

Energy, Office of IG, “Commercial Off-The-Shelf Software Acquisition Framework,” DOE/IG-0463, March 2000)

- In 1996, GAO stated that the Department had begun 80 major projects since the mid 1970s and completed only 15 and most were finished late with overruns. 31 of the projects were terminated after wasting \$10 billion and 34 were ongoing with numerous overruns. (General Accounting Office, “Department of Energy: Opportunity to Improve Management of Major System Acquisitions,” GAO/RCED-97-17 November 1996)
- Six years late and \$900 million more than expected, the Defense Waste Processing Facility opened in South Carolina. (General Accounting Office, “Major Management Challenges and Program Risks: Department of Energy,” GAO/OCG-99-6 January 1999)
- The University of California used \$24,000 to conduct a poll to “gauge public awareness and impressions” of Lawrence Livermore National Laboratory concerning unfavorable press coverage. (Department of Energy, Office of Inspector General, “Semiannual Report to the Congress” September 30, 2000)
- An audit of 13 programs at the Idaho Engineering and Environmental Laboratory showed that contractors were getting paid for improved performance when in fact it had declined or was unchanged. (Department of Energy, Office of Inspector General, “Semiannual Report to the Congress” September 2000)
- The Department is building a laboratory to simulate conditions after a nuclear explosion. This National Ignition Facility has experienced significant cost overruns and schedule delays. In 2000, the GAO reported that the facility would cost an extra \$1 billion and be completed six years late in 2008. (General Accounting Office, “Major Management Challenges and Program Risks: Department of Energy,” Performance and Accountability Series, GAO-01-246 January 2001)
- In 2000, an investigation discovered that the Department spent more than \$38 million developing information systems that it already had. (Department of Energy, Office of Inspector General, “Top Ten Management Challenges for the Department of Energy” November 28, 2000)

VI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- Medicare pays far higher prices for “durable medical equipment” than the VA because it fails to bid competitively and often buys items individually instead of in bulk. Already Medicare has conducted two demonstration projects (in Polk County, Florida and San Antonio, Texas) that have proven a success. CMS estimates savings of 20% or \$2 million annually at the San Antonio project. If implemented nationally, CBO estimates that this reform would save \$7.7 billion over ten years. (Testimony from HHS Inspector General Janet Rehnquist, June 2002)

Medical Equipment	VA Pays	Medicare Pays
Walker	\$40	\$83 or 112% more
Hospital Bed	\$762	\$1,755 or 130% more
IV Pole	\$50	\$142 or 183% more
Bedside Commode	\$32	\$110 or 240% more
Wheelchair	\$128	\$571 or 347% more
Saline Solution	\$1	\$8 or 750% more

- In 2000, Medicare made almost \$12 billion in improper payments – nearly 7% of its entire fee-for-service budget for that year. Furthermore, the Inspector General revealed that this estimate does not include errors in Medicare+Choice payments and fraudulent payments. (General Accounting Office, “Efforts to Measure Medicare Fraud,” GAO/AIMD-00-69R February 4, 2000)
- Over 90% of Medicare payments to community mental health centers in five states or \$229 million of \$252 million “were unallowable or highly questionable.” Nearly 60% of payments for psychiatric outpatient care were unallowable as well. (Department of Health and Human Services, Office of Inspector General, “Top Ten Management Challenges for the Department of Health and Human Services” December 1, 2000)
- Medicare pays much more than it costs providers to offer services -- 35% more in the case of home health care and 19% more in the case of skilled nursing facility care. (GAO, “Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds,” GAO-03-922T, June 2003)
- Medicare paid roughly \$20 million to dead beneficiaries between 1999 and 2000. Much of these benefits were distributed despite the fact that the Department’s database had the dates of death already logged in. (Department of Health and Human Services, Office of Inspector General, “Semiannual Report for April 1 to September 30, 2000”)
- A Wisconsin transportation company was forced to repay \$1.6 million in Medicaid reimbursements for multiple round trip claims on individuals who were either dead or in the hospital. (Department of Health and Human Services, “Semiannual Report to the Congress,” September 2002)
- In 1992, HCFA (now CMS) began a project to modernize its claims process into a single system at a cost of \$151 million. A year before its scheduled completion, the project had already incurred \$1 billion in expenses and was scrapped by the agency. (General Accounting Office, “Medicare Transaction System: Success Depends Upon Correcting Critical Managerial and Technical Weaknesses,” GAO-AIMD-97-78, May 1997)
- Both the GAO and the IG uncovered the practice of some states to require Medicaid providers to return the improper payments they received to state coffers. These states then spent that money on other non-Medicaid initiatives, costing the federal government as much as \$12 billion over five years. CBO estimated that if such practices were employed aggressively by all states it would cost roughly \$27 billion over ten years. (Department of Health and Human Services, Office of Inspector General, “Top Ten Management Challenges for the Department of Health and Human Services” December 1, 2000; General Accounting Office, “Medicaid: State Financing Schemes Again Drive Up Federal Payments,” GAO/T-HEHS-00-193 September 6, 2000)
- States use an assortment of schemes to bilk the federal government out of Medicaid dollars. CMS’ action to close just one of these loopholes, the “upper payment limit,” is assumed to save \$55 billion over ten years. Another area deserving of oversight is school-based Medicaid services. For instance, one state spent \$324 million on services and children that the program does not cover. And according to GAO, no state used all of the federal money available to fund antifraud efforts because they did not want to provide the matching funds to expose lucrative schemes in their own backyard. (GAO, “Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds,” GAO-03-922T, June 2003)
- The Social Security Administration made \$1.6 billion in overpayments in 1998. In addition, the GAO concluded that SSA has a poor record of recovery of such payments partly as a result of a

restriction on the amount that can be withheld from an individual's benefit checks. CBO estimates that if this 10% ceiling was removed SSA could save \$870 million over ten years. (CBO estimate, January 2003)

VIII. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- Despite the fact that home ownership is at an all-time high, HUD continues to lose money on the sale of foreclosed homes that it insures. According to GAO, the Department lost nearly \$2 billion from such poor oversight and other management deficiencies in 2000. (General Accounting Office, "Major Management Challenges and Program Risks: Department of Housing and Urban Development," GAO-01-248 January 2001)
- HUD paid the full \$227,500 to replace one 15,000 square foot section of concrete, but only one third of the work was actually performed. (GAO, "Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds," GAO-03-922T, June 2003)
- A former HUD employee sold 82 Department assets valued at \$9 million for \$2 million and was convicted of accepting a bribe and evading her taxes. However, after her employment, she was hired by a consultant to perform "quality control work" on insured loans. (Department of Housing and Urban, Office of Inspector General, "Semiannual Report to the Congress" September 2000)
- In Bridgeport, Connecticut, the Public Housing Authority received an extra \$750,000 in operating subsidies while incurring \$300,000 in unnecessary utility expenses for units that remained vacant for four years. This same Authority had received about \$2.5 million in operating subsidies over a three year period despite vacancy averaging 11%, vandalism, water damage, and bird infestation. (Department of Housing and Urban, Office of Inspector General, "Semiannual Report to the Congress" September 2000)
- GAO reported that over a four year period HUD overpaid \$3.1 billion with each amount increasing every year. (General Accounting Office, "Management Challenges and Program Risks: Department of Housing and Urban Development," GAO-01-248 January 2001)

VIII. DEPARTMENT OF INTERIOR

- The Republic of Palau – a US territory -- failed to complete 22 funded projects worth \$48 million, including one sewage treatment plan expansion that had \$5 million available for it. As a result, much of its coastal waters were polluted by the discharge. (Department of Interior, Office of Inspector General, "Independent Auditor's Report on the Department of the Interior Annual Report for FY00," 01-I-257, February 2001)
- The National Park Service spent \$800,000 on an outhouse in Delaware Gap, Pennsylvania. The toilets did not work in the winter, and there was running water only half the time. Since such reports, the building of outhouses has largely been outsourced to the private sector. (ABC News, "World News Tonight," March 1998)
- It cost the National Park Service on average \$390,000 and \$584,000 at Yosemite National Park and the Grand Canyon respectively. Private sector housing near Yosemite was between \$102,000 and \$250,000 and near the Grand Canyon it was between \$115,000 and \$232,000. (Department of Interior, Office of Inspector General, "Cost of Construction of Employee Housing at Grand Canyon and Yosemite, December 1996; GAO, "Major Management Challenges and Program Risks: Department of Interior, January 1999)

- The Department could not figure out whether it had engaged in \$11 billion worth of transactions until it checked it with other federal agencies for confirmation. (Department of Interior, Office of Inspector General, “Independent Auditor’s Report on the Department of the Interior Annual Report for FY00,” 01-I-257, February 2001)

IX. DEPARTMENT OF JUSTICE

- In 1994, the Community Oriented Policing System (“COPS”) program was created to put 100,000 police officers on the streets. In 1998, the Department reported that the \$9 billion grant program had funded 103,720 new officers. However, the IG determined that these new “funded” officers would not be “on the street” and that the Department had significantly misled Congress in its appraisal of the program. (Department of Justice, Office of Inspector General, “Management and Administration of the Community Oriented Policy Services Grant Program,” 99-21, July 1999)
- The Department spends millions of dollars on automation programs and computer systems to improve efficiency. The INS spent \$813 million on a program to track the status of their project and it does not work. (Department of Justice, Office of Inspector General, “Top Ten Management Challenges for the Department of Justice,” December 2000)
- The Department estimated nearly \$1 million in equipment was purchased with grant funds that was either not distributed, could not be found, or was not known how to be used. (Department of Justice, Office of Inspector General, “Semiannual Report to Congress,” March 2002)
- The INS spent \$85 million on its IDENT program, an automated fingerprint identification system to track criminal aliens. An investigation revealed that as a result of a flawed design and difficulties in implementing it, the INS failed to retain Rafael Resendez-Ramirez, the so-called “railway killer.” He was apprehended and released seven times after crossing the border illegally because his name had never been logged into the computer. (Department of Justice, Office of Inspector General, “Top Ten Management Challenges for the department of Justice,” March 2000)
- The INS collects millions in fees at ports of entry around the country. However, there are not enough safeguards on the system as cashiers often work off of out-dated registers where cash can easily be stolen from. In addition, employees are often not held accountable for the cash missing from thousands of cases who come through the system. (Department of Justice, Office of Inspector General, “Immigration and Naturalization Service Collection of Fees at Land Border Ports of Entry,” 00-05 February 2000)
- The State Criminal Alien Assistance Program provides grants to states and localities for the cost of jailing criminal aliens who are convicted of felonies. An audit revealed that five states had received nearly \$20 million in overpayments for ineligible inmates. (Department of Justice, Office of the Inspector General, “Top Ten Management Challenges for the Department of Justice,” December 2000)
- One former police chief fraudulently obtained a \$100,000 COPS grant that he then used to make home improvements and purchase cars. (Department of Justice, Office of the Inspector General, “Top Ten Management Challenges for the Department of Justice (December 1, 2000)

X. DEPARTMENT OF LABOR

- A Nevada man fraudulently collected \$230,000 worth of unemployment benefits over three years from four different states by establishing 13 fictitious companies and submitting claims on behalf

of 36 dead people. (Department of Labor, Office of Inspector General, "Semiannual Report to the Congress," September 2000)

- A Delaware mailman collected \$455,000 in workers' compensation over a 23 year period while being employed supervising archaeological digs and expeditions and appraising Civil War memorabilia. (Department of Labor, Office of Inspector General, "Semiannual Report to the Congress," September 2000)
- The Pension Welfare Benefits Administration spent \$2 million to develop a new information system but after numerous miscues it abandoned the project. (Department of Labor, Office of Inspector General, "Streamlining EFAST and Development EMS," 17-98-001-12-001 March 1998)
- An audit revealed that 35% of the people collecting dislocated worker benefits were ineligible for the program in 2000. (Department of Labor, Office of Inspector General, "Dislocated Workers Program in a Growing Economy," 04-00-002-03-340, June 2000)

XI. NASA

- As a result of mismanaging its development of necessary software, NASA delayed the launch of the Chandra X-Ray Observatory, driving up costs an additional \$29 million. (National Aeronautics and Space Administration, Office of Inspector General, "Audit of Advanced X-Ray Astrophysics Facility," IG-99-016, March 1999)
- An audit revealed that NASA facilities were paying up to 600% more for office supplies because they did not use the internet and e-commerce to buy at the best price. Marshall Space Flight Center paid \$1.47 for a pack of AA batteries yet Langley Research Center paid \$10 for the same pack. Goddard Space Flight Center paid \$17 for a box of copy paper while Johnson Space Center paid \$57 for the same box. (National Aeronautics and Space Administration, Office of the Inspector General, "Electronic Commerce: NASA's Acquisition of Office Supplies," IG-00-008, February 2000).
- GAO reported that the International Space Station is taking longer and costing much more than originally intended. As of 2001, it was already four years behind schedule and \$4 billion more costly. (General Accounting Office, "Major Management Challenges and Program Risks: National Aeronautics and Space Administration," GAO-01-258 January 2001)
- Even though NASA has a good record of achieving "clean" opinions on its annual financial statements, auditors have found some questionable items on the books. For instance, NASA made a \$590 million error on its statement that went undetected by the initial auditors causing Rep. Sensenbrenner to write that "this regrettable circumstance brings into question the overall integrity of NASA's financial management system." (Letter from Congressman James Sensenbrenner, Chairman, House Science Committee, to NASA Administrator Daniel Goldin, July 2000)
- Investigations have revealed that NASA often spends its revenue on the wrong projects. Out of a review of 36 expenditures totaling \$44.8 million, \$44.7 million was charged to the wrong account and NASA has admitted that many of the expenditures may have been unlawful. (NASA, Office of Inspector General, "Semiannual Report to the Congress," September 2000)

XII. SMALL BUSINESS ADMINISTRATION

- Private lenders are increasingly performing many of the services originally undertaken directly by the SBA. However, SBA oversight has lagged. One audit revealed that of 240 loans reviewed, 118 were problematic in that they were for an ineligible purpose or were not repaid. Furthermore, out of 147 lenders reviewed, only 44 had received a recent oversight visit. (SBA, Office of Inspector General, "Top Ten Management Challenges for the Small Business Administration," December 2000)

XIII. DEPARTMENT OF STATE

- The Department spent \$119 million on an emergency evacuation radio program, but after a review of the project, its IG reported that many posts did not have working systems. The radio equipment was often unfamiliar to the officials charged to use it and not put into place. (Statement of Jaquelyn L. Williams-Bridgers, State Department Inspector General, before the House Committee on International Relations May 17, 2000)
- Financial management at the Department continues to be a problem. Although it accounts for billions annually in appropriations and possesses over \$20 billion in assets, it usually cannot determine how much its programs cost and how much money it has. (Letter from State Department of Inspector General Jacquelyn L. Williams-Bridgers to Chairman, Senate Committee on Governmental affairs, December 15, 2000)
- An audit revealed that the Department "owes" \$3.5 million on past orders that had never been delivered -- a revelation which the Department's accounting books failed to reflect. (Leonard G Birnbaum & Company, Certified Public Accountants, "Independent Auditors Report: Department of State March 2001)
- One contractor billed the Department more than \$92,000 for insurance premiums on an inexistent insurance policy. (Department of State, Office of Inspector General, "Semiannual Report for October1, 1999 to March 31, 2000 (April 28, 2000)
- The International Institute of Wisconsin (an exchange program) improperly used federal grant money provided by the Department. \$46,000 was spent on airfare for individuals who did not participate in the program. In addition, the Institute bought \$375 worth of alcohol, 30 tickets to see the Milwaukee Bucks play, and 50 tickets to see the Brewers play. Most of these tickets went to individuals who did not participate in the program. (Department of State, Office of Inspector General, "Semiannual Report for October1, 1999 to March 31, 2000," April 2000)

XIV. DEPARTMENT OF TRANSPORTATION

- Some experts have called Boston's Central Artery, the so-called Big Dig, "the greatest public works scandal of modern times." It has repeatedly exceeded costs estimates and lagged behind schedule. In 2000, the project was already five times more expensive than planned, and an investigation revealed that project managers were consistently dishonest in their reporting. In addition, the Massachusetts Turnpike Authority purchased \$300 bed springs for residents who could not sleep as a result of continued construction. (Department of Transportation, Office of Inspector General, "Office 2000 Finance Plan for the Central Artery/Tunnel Project Boston, MA," IN-2001-009, November 2000)
- The redevelopment of New York's Penn Station has also exceeded its original cost estimate. In 2001, an investigation reported that it was costing twice as much as expected and would not be

finished until 2005 – 6 years late. (Department of Transportation, Office of Inspector General, “Pennsylvania Station Redevelopment Project” RT-2000-081 April 2001)

- In 1981, the FAA began an effort to modernize its Air Traffic Control System, and in its early phases, the project was expected to cost \$12 billion. Still not completed, it is expected to be finished in 2005 at a total cost of \$45 billion. 11 different projects averaged a 29% cost growth at an average delay of 17 months. (General Accounting Office, “High-Risk Series: An Update,” GAO-01-263, January 2001)
- The FAA has already spent \$3 billion on a new satellite-based navigation system, and as of 2000, it’s completion date was still not clear. (Department of Transportation, Office of the Inspector General, “Key Safety, Modernization, and Financial Issues” AV-2000-072 April 2000)
- An investigation revealed that 29 contracts worth roughly \$62 million were paid without any knowledge of whether they were authorized. 11 were not audited as required. (Department of Transportation, Office of the Inspector General, “Closeout and Payment Processes for Cost-Reimbursable Contracts” FI-2001-018 January 2001)
- The FAA overpaid \$63 million in overhead costs because of its faulty accounting system. (Department of Transportation, Office of Inspector General, “Report on Design of the Cost Accounting System for Research and Acquisitions” FI-2001-013 December 2000)

XV. DEPARTMENT OF THE TREASURY

- A Department employee collected \$23,000 in underserved overtime pay over a two year period. (Department of the Treasury, Office of the Inspector General, “Semiannual Report to the Congress” September 2000)
- An investigation revealed that the Bureau of Alcohol, Tobacco, and Firearms is not adequately collecting the excise taxes on alcohol, tobacco, and firearms. The IG found that 149 shipments of tobacco worth \$66 million in excise taxes were labeled as “tax free” with no documentation as to why. (Department of the Treasury, Office of Inspector General, “Top Ten Management Challenges for the Department of the Treasury” December 2000)

XVI. INTERNAL REVENUE SERVICE

- In 2001, the IRS had spent \$4 billion and ten years to modernize its tax system, and it was still not completed. (General Accounting Office, “Financial Audit: IRS’s Fiscal Year 2000 Financial Statements” GAO-01-394 March 2001)
- Many payments made by taxpayers are recorded significantly late or not at all. The GAO found that some of the unrecorded payments were made in the 1980s and that some of the delays lasted as long as 12 years. (General Accounting Office, “Financial Audit: IRS’s Fiscal Year 2000 Financial Statements” GAO-01-394 March 2001)
- In 2002, the IRS deferred collection on 1 of 3 cases where taxpayers owed the federal government money for a total of \$112 billion in unpaid taxes. (GAO, “Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds,” GAO-03-922T, June 2003)
- More than a quarter of Earned Income Tax Credit payments were improper. The error rate has consistently been between 27% and 32% of total claims. If such improper payments had been eliminated in 1999 alone, it would have saved \$8.1 billion in taxpayer dollars. (House Budget

Committee estimate based on data from OMB and the Committee on Ways and Means, March 2003)

- Seven prisoners at Lorton prison in the District of Columbia received \$722 each by filing false income tax returns as a “barber” and “coal miner” even though they were in prison and not earning any income. (Washington Post, April 5, 1997)
- An estate paid \$68 million to the IRS who promptly credited the wrong account. (The estate was actually owed a \$7 million refund.) It took the IRS two years to correct the error. (General Accounting Office, “Financial Audit: IRS’s Fiscal Year 2000 Financial Statements” GAO-01-394 March 2001)
- In a study of the IRS’ treatment of equipment, the IG sampled 220 items taken from the property records and could not find 16% of them. It later discovered that most of the items had been disposed of earlier, but that no one had ever made the appropriate documentation. (General Accounting Office, “Financial Audit: IRS’s Fiscal Year 2000 Financial Statements” GAO-01-394 March 2001)
- While the labor costs at the IRS increased by more than \$30 million in FY1999, the quality of service declined. 16 million more taxpayers received busy signals, the accuracy of answer to tax law questions declined from 79% to 72%, and 1.4 million fewer calls were answered than the year before. (Department of the Treasury, Treasury Inspector General for Tax Administration, “Top Ten Management Challenges for the Internal Revenue Service” December 1, 2000)

XVII. DEPARTMENT OF VETERANS AFFAIRS

- The Department’s Inspector General estimated that roughly 13,700 incarcerated veterans have been paid about \$100 million nationwide, and that the Department has no systematic method to identify prisoners. (Department of Veterans Affairs, Office of Inspector General, “Top Ten Management Challenges for the Department of Veterans Affairs, November 2000)
- One mother died and her daughter collected \$78,000 in undeserved payments. She was later indicted and charged for theft. (Department of Veterans Affairs, Office of Inspector General, Semiannual Report to the Congress, September 2000)
- The Veterans Health Administration keeps an excess inventory of medical supplies totaling \$64 million or 62% of its \$103 million total inventory. For example, at four pharmaceutical facilities surveyed, the IG found 48% of the inventory was in excess. (Department of Veterans Affairs, Office of Inspector General, “Combined Assessment Program Review, 00-01199-72, May 2000)