

Office of Inspector General

Corporation for National and Community Service



**Understanding OIG Audits and Preventing Fraud,
Waste, and Abuse in Your Organization**



Purpose

- Understand the Mission of the OIG
- Safeguarding Federal Program Funds
- Preventing Fraud in Your Organization
- Know How to Contact the OIG



What the OIG Does

Promotes Economy, Efficiency and Effectiveness in
Agency Programs and Operations



What the OIG Does Not Do

Manage or Direct Agency Programs or Operations



The OIG Mission

- Prevent and Deter Fraud, Waste & Abuse
- Validate & Monitor Corporation Oversight
- Conduct Reviews & Audits
- Investigate Reports of Fraud Involving Program Funds & Members
- Provide Training



Recovery Act Funding

- Ensure Transparency of Fund Usage
- Separate Tracking of Funds
- Strict Reporting Requirements
- Deliver Programmatic Results
- Validate Expenditures



Data Quality

- CNCS Management Responsible for Funding & Program Oversight
- Ensure Funds are being used for Authorized Purpose
- Review Reports for Material Omissions & Significant Reporting Errors
- Timely Reporting by Grantees



Common Crimes Detectable by Observing Fraud Indicators

- Misuse of Grant Funds
- Time Sheet Fraud
- Embezzlement
- Misuse of Members
- Theft



Misuse of Grant Funds

- Is CNCS grant the major or only funding source
- Are Federal grant funds being diverted to keep the organization in business
- Does the grantee drawdown all or most of its grant funds well before the end of grant year
- Are costs for what appears to be non-grant expenditures being charged to the grant
- Are funds drawn down on unfilled member slots
- Are unauthorized employee salaries being charged against the grant



Time Sheet Fraud

- Are service hours being properly documented
- Are hours being claimed reasonable and allowable
- Are program officials verifying the hours and type of service claimed
- Are individuals hand carrying their own time sheet from their sub-sites to grantee's office
- Do documents appear to have all been prepared at the same time
- Is staff employee's time accurately reflected



Embezzlement

- Are secondary endorsements obtained when required
- Are members/volunteers and staff being paid
- Are payments being made to “ghost” individuals
- Do documents show frequent use of white out, pen and ink changes, or strikeouts
- Are documents missing or copies being used instead of originals
- Is there an individual who always has an excuse for a chronic shortage of funds



Misuse of Members

- Are members properly enrolled
- Are members properly serving
- Are members serving in staff positions
- Are members being properly supervised
- Are VISTA members working
- Are members available



Theft

- Can receipts for items be traced to a valid purchase
- Is property controlled or inventoried for accountability
- Are charge card purchases being monitored and verified
- Is excessive mileage being claimed for travel to project sites
- Does grantee have proper checks and balances in place to safeguard program funds



OIG Audit Objectives

- ❑ Ensure that recipients of funds and uses of all funds are transparent
- ❑ Ensure the reporting of the public benefit of ARRA funds is clear, accurate, timely
- ❑ Ensure funds are used for authorized purposes and internal controls are in place to mitigate fraud, waste, error and abuse
- ❑ Ensure controls are in place to avoid unnecessary delays and cost overruns
- ❑ Ensure controls are in place to sufficiently monitor/measure program goals



OIG ARRA AUDIT PLAN

- Audit of the Corporations Monitoring and Evaluations Process
- Pro-active Accounting System Reviews
 - AmeriCorps
 - VISTA
- Data Quality Reviews of FederalReporting.gov submissions



System Reviews -What to expect

- Review of Recipients ability to accumulate and segregate costs appropriately
- Review of Internal Controls
- Time and effort reporting
- Cost share
- Compliance with administrative requirements, cost principles, terms and conditions of awards



Common Audit Findings

- Lack of supporting documentation
- Background check documentation
- Verification of eligibility
- Expenditure not allowable under grant
- Failed to meet match requirement
- Failed to meet service hours for award
- Lack of signatures



Things You Can Do to Prevent Fraud

- Review the grant terms and conditions
- Establish written policies and guidance
- Ensure internal controls and checks and balances are in place
- Ensure Board of Director Members are engaged in program oversight
- Conduct Fraud Awareness Training



What Do You Do If You Suspect Fraud?

Contact the OIG

Your identity can be keep confidential



Hotline

- Report suspected fraud, waste, or abuse
- Information is confidential
- You may remain anonymous

1-800-452-8210

or

hotline@cncsoig.gov

Visit our Web Page at www.cncsig.gov