

# USING COMPLIANCE TO PREVENT AND DETECT TIME KEEPING AND TRAVEL FRAUD



Presented by the  
Office of Inspector General  
Legal Services Corporation  
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# USING COMPLIANCE TO PREVENT AND DETECT TIME KEEPING AND TRAVEL FRAUD

- \* Today's Webinar Presenters

- \* **Mike Shiohama**

- \* Chief Investigator

- \* **Carla Smith**

- \* Investigative Counsel



# USING COMPLIANCE TO PREVENT AND DETECT TIME KEEPING AND TRAVEL FRAUD

- \* On September 30, 2011, the Inspector General issued a Fraud Alert on travel and timekeeping fraud
- \* The Fraud Alert was based on OIG investigations over the past five years uncovering over \$200,000 in fraudulent time keeping and travel submissions at LSC grantees
- \* Better compliance with LSC regulations could have reduced the fraud
- \* This webinar will provide additional information and also enable you to send us your questions

# TODAY'S AGENDA

## HOW COMPLIANCE WITH LSC RULES COULD HAVE REDUCED FRAUD

- \* Title 45 C.F.R. Part 1635 (Time Keeping)
- \* CSR Handbook (2008 Ed.) ¶ 2.5 (Non-Attorney Supervision)
- \* LSC Accounting Guide (2010 Ed.) ¶ 3.0 (Adequate Accounting Records and Internal Control Procedures)

# WHY PEOPLE COMMIT FRAUD

- \* They feel pressure to commit fraud
- \* They rationalize their behavior
- \* They are given the opportunity



# **OPPORTUNITY TO COMMIT FRAUD KNOCKS ...**



**WHEN LSC RULES ARE NOT FOLLOWED**

# TIME KEEPING

## 45 C.F.R. Part 1635

- \* 45 C.F.R. Part 1635 requires that time spent by attorneys and paralegals be documented by time records which record the amount of time spent on each case, matter or supporting activity.

# TIMEKEEPING

- \* Attorneys and paralegals must contemporaneously document the time and date spent on each case
- \* Several OIG investigations have revealed fraud where supervisors did not require adequate time keeping
- \* Timekeeping records should be used to corroborate travel submissions





# TRAVEL REIMBURSEMENT FORM INFORMATION

- \* Date of travel
- \* Start location
- \* Start time
- \* Destination
- \* End time
- \* Starting odometer
- \* Ending odometer
- \* Mileage
- \* Case number
- \* Purpose of trip
  - \* Court
  - \* Community Center
  - \* Contact info



# OTHER FACTORS

- \* Specific travel locations covered by grants
- \* Intakes resulting from outreach efforts
- \* Field complaints
- \* Lack of work products in client folder
- \* Overall \$\$\$ paid for mileage reimbursements

# SUSPECT TIME & TRAVEL

CALENDAR		CMS TIME ENTRY							
Day of Week	Date Start	Creation Date	Trans ID	Time Start	TimeStop	Hours Worked	ClientID	WorkCategory	Work Description
F	01/01/2010	12/31/2009	1314427	9:00 AM	5:00 PM	8:00		Holiday	
M	01/04/2010	01/06/2010	1316474	9:00 AM	12:10 PM	3:10	ANNNNNN	Case	Research/Read
	01/04/2010	01/06/2010	1316476	12:10 PM	4:12 PM	4:02	ANNNNNN	Case	Research/Read
	01/04/2010	01/06/2010	1316477	4:12 PM	5:39 PM	1:27		Civic Activity (Matter)	Conference/Meeting
T	01/05/2010	01/06/2010	1316478	8:11 AM	1:22 PM	5:11	ANNNNNN	Case	Research/Read
	01/05/2010	01/06/2010	1316479	1:22 PM	3:58 PM	2:36	ANNNNNN	Case	Research/Read
	01/05/2010	01/06/2010	1316480	3:58 PM	5:13 PM	1:15	ANNNNNN	Case	Filing/Copying
W	01/06/2010	01/06/2010	1316481	8:01 AM	11:49 AM	3:48		Civic Activity (Matter)	Conference/Meeting
	01/06/2010	01/06/2010	1316482	11:49 AM	5:45 PM	5:56	ANNNNNN	Case	Research/Read

When you look at the highlighted section the case subject entered time worked on Monday on a Wednesday and the entries were entered at the same time.

# SUSPECT TIME & TRAVEL

CALENDAR		CMS TIME ENTRY								CMS	
Day of Week	Date Start	Creation Date	Trans ID	Time Start	TimeStop	Hours Worked	ClientID	WorkCategory	Work Description	Appt Cal Y or N	Case Note Activity Y or N
F	01/01/2010	12/31/2009	1314427	9:00 AM	5:00 PM	8:00		Holiday			
M	01/04/2010	01/06/2010	1316474	9:00 AM	12:10 PM	3:10 ANNNNNNN		Case	Research/Read	N	N
	01/04/2010	01/06/2010	1316476	12:10 PM	4:12 PM	4:02 ANNNNNNN		Case	Research/Read	N	N
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T	01/05/2010	01/06/2010	1316478	8:11 AM	1:22 PM	5:11 ANNNNNNN		Case	Research/Read		
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W	01/06/2010	01/06/2010	1316481	8:01 AM	11:49 AM	3:48		Civic Activity (Matter)	Conference/Meeting		
	01/06/2010	01/06/2010	1316482	11:49 AM	5:45 PM	5:56 ANNNNNNN		Case	Research/Read		

When you look at the highlighted section the case subject DID NOT annotate their APPOINTMENT CALENDAR or CASE NOTES.

# CSR HANDBOOK (2008) Ed.

- \* The CSR Handbook (2008) ¶ 2.5 requires advice given by a non-attorney be supervised by a licensed attorney unless the local jurisdiction or forum allows a waiver of attorney supervision

# CASE FILE REVIEW

- \* A paralegal's work product must be supervised by an attorney
- \* OIG investigations have revealed fraud when paralegals' case files are not reviewed
- \* Case file documentation should corroborate timekeeping and travel submissions.

# SUSPECT TIME & TRAVEL

CALENDAR		CMS TIME ENTRY								CMS		TRAVEL VOUCHER				
Day of Week	Date Start	Creation Date	Trans ID	Time Start	TimeStop	Hours Worked	ClientID	WorkCategory	Work Description	Appt Cal Y or N	Case Note Activity Y or N	Destination	Mileage	Amount	Parking	Activity
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	01/04/2010	01/06/2010	1316477	4:12 PM	5:39 PM	1:27		Civic Activity (Matter)	Conference/Meeting	N	N	TIMBUKTU	100	\$50.00		med records
T	01/05/2010	01/06/2010	1316478	8:11 AM	1:22 PM	5:11 ANNNNNN		Case	Research/Read							
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	01/06/2010	01/06/2010	1316482	11:49 AM	5:45 PM	5:56 ANNNNNN		Case	Research/Read							

When you look at the highlighted section the case subject submitted a mileage reimbursement claim to pick up medical records



# SUSPECT TIME & TRAVEL

CALENDAR		CMS TIME ENTRY								CMS		TRAVEL VOUCHER			CASE FILE			
Day of Week	Date Start	Creation Date	Trans ID	Time Start	Time Stop	Hours Worked	Client ID	Work Category	Work Description	Appt Cal or N	Y	Case Note Activity Y or N	Destination	Mileage	Amount	Parking	Activity	Work Product Y or N
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When you look at the highlighted section the case subject had no medical records or work product in the case file to support his travel

# SUSPECT TIME & TRAVEL

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When you look at the highlighted section the activities of the case subject has multiple issues to support the claim for reimbursement.

# DO THEY MATCH?



# LSC ACCOUNTING GUIDE

- \* LSC Accounting Guide (2010 Ed) ¶3.0 requires all LSC recipients to establish and maintain adequate internal controls

# INTERNAL CONTROLS

- \* LSC recipients must implement internal controls
- \* OIG investigations have revealed fraud where internal controls were not implemented and or not enforced
- \* Effective Internal controls should be established regarding timekeeping and travel submissions

# Setting The Tone at the Top

**Management  
needs to set the tone at  
the top for ethical behavior**

**Management must set a good example by  
requiring consistent implementation of  
internal controls and compliance  
procedures**

# Internal Controls Best Practices

- \* Ensure all employees time records and travel submissions are reviewed
- \* Ensure that fiscal duties are segregated
- \* Longevity should not be a factor
- \* Engage Board and staff members in determining best practices



# SUMMARY

## WHAT YOU CAN DO TO REDUCE FRAUD

- \* Title 45 C.F.R. Part 1635 (Time Keeping)
  - \* Capture all pertinent information
- \* CSR Handbook (2008 Ed.) ¶ 2.5 (Non-Attorney Supervision)
  - \* Conduct periodic reviews of case files
- \* LSC Accounting Guide (2010 Ed.) ¶ 3.0 (Adequate Internal Control Procedures)
  - \* Conduct reviews to ensure implementation and effectiveness



# PRESENTER CONTACT INFORMATION

- \* Mike Shiohama, Chief Investigator
  - \* Phone: 202-295-1655
  - \* Email: [ms@oig.lsc.gov](mailto:ms@oig.lsc.gov)
- \* Carla Smith, Investigative Counsel
  - \* Phone: 202-295-1536
  - \* Email: [cs@oig.lsc.gov](mailto:cs@oig.lsc.gov)

# OIG HOTLINE

- \* Contact the OIG Hotline to report fraud, waste, abuse, or regulatory violations
  - \* Phone: 800-678-8868 or 202-295-1670
  - \* Fax: 202-337-7155
  - \* E-mail: [hotline@oig.lsc.gov](mailto:hotline@oig.lsc.gov)
  - \* Mail: P.O. Box 3699, Washington, DC 20027-0199
- \* Your identity can be kept confidential or you may remain anonymous



**THANK YOU!**