



DEPARTMENT OF DEFENSE

INSPECTOR GENERAL

Audit Policy and Oversight
4800 Mark Center Drive, Suite 11D28
Alexandria, VA 22350-1500



Fraud Indicators in Procurement and Other Defense Activities



HOW TO JOIN IN THE FIGHT AGAINST FRAUD

You can contact us to make a comment, provide feedback, or submit a fraud scenario in a number of ways:

- > Visit our Web site at www.dodig.mil/Inspections/APO/fraud
- > Call us directly at (703) 604-8760
- > Send us a fax at (703) 604-8982

ILLEGAL ACTS are violations of laws or government regulations that have a direct and material effect on the determination of financial statement amounts.

The Defense Criminal Investigative Service, Army Criminal Investigation Command, Naval Criminal Investigative Service, and Air Force Office of Special Investigation are combating fraud world-wide.

Whether you are an employee of the DoD, federal government, or U.S. military, you can join in the fight against fraud.

U.S. Department of Defense
Office of Inspector General

FRAUD, WASTE, ABUSE, DEFINED

FRAUD a false misrepresentation of a material, fact, whether by words or by conduct, by false or misleading allegations, or by concealment of that which should have been disclosed, which deceives another so that he acts, or fails to act to his detriment.

WASTE involves the taxpayers not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by players with control over or access to government resources. Waste goes beyond fraud and abuse and most waste does not involve a violation of law. Waste relates primarily to mismanagement, inappropriate actions and inadequate oversight.

ABUSE involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

DID YOU KNOW? DoD FRAUD

Fraud Schemes Occuring within the Department of Defense include:

- Contracting
- Travel and Payroll
- Base Allowance for Housing
- Healthcare Eligibility Fraud
- Asset Misappropriation
- Black Market Sales
- Worker's Compensation Claims
- Government Purchase Card Transactions



WARNING SIGNS OF FRAUD

- Inadequate or weak internal controls
- Management override of internal controls
- Management decisions are dominated by an individual or small group
- Reluctance to provide information to auditors
- No written policies or procedures
- Excessive number of accounting errors
- Lost or destroyed electronic or hard copy records
- Lack of segregation of duties
- Refusal to take vacation or sick leave
- High employee turnover rate with low morale
- Employee lifestyle changes such purchasing expensive cars, homes, or jewelry
- Significant personal debt and credit problems

DoD IG MISSION AND VISION

VISION

One professional team strengthening the integrity, efficiency, and effectiveness of the Department of Defense.

MISSION

Promote integrity, accountability, and improvement of Department of Defense personnel, programs and operations to support the Department's mission and serve the public interest.



WEB RESOURCES

The DoD IG has a fraud Web site with many valuable resources including scenarios and indicators on a variety of topics including procurement, health care, in theater operations and more; fraud guidance for auditors; useful links; and fraud resources.

Be sure to visit the web page for fraud news articles, information on DoD fraud initiatives, and upcoming conferences and training opportunities.

VISIT US ON THE WEB AT:

[WWW.DODIG.MIL/
INSPECTIONS/APO/FRAUD](http://WWW.DODIG.MIL/INSPECTIONS/APO/FRAUD)

TO REPORT FRAUD,
WASTE, OR ABUSE

Contact the Department of Defense
Hotline at 1-800-424-9098

DEPARTMENT OF DEFENSE

hotline

make a difference

Help Prevent

Fraud
Waste
Mismanagement
Abuse of authority

800.424.9098

e-mail: hotline@dodig.mil
www.dodig.mil/hotline

We are available weekdays 7:00 am to 5:00 pm EST

ARMY CRIMINAL
INVESTIGATIONS DIVISION
crimetips@conus.army.mil

NAVAL CRIMINAL
INVESTIGATIVE SERVICE
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NAVY ACQUISITION
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