Overview of the Office of Inspector General and Ensuring Program Integrity

August 12, 2013
Overview of HHS

- One of the largest civilian departments in the federal government
- Principal agency for protecting health of all Americans
- 11 Operating Divisions
- Department includes more than 300 programs

Secretary Kathleen Sebelius
HHS Programs in Indian Country

Office of Investigations
What is an OIG and how does it work?
Inspector General Offices

- Statutory creation of IGs by IG Act of 1978
- Currently 73 IGs
- Provide independent oversight and protect programs against fraud, waste & abuse
IG Act Mission:

- Conduct independent and objective audits, investigations and inspections
- Prevent and detect waste, fraud and abuse
- Promote economy, effectiveness and efficiency
- Review pending legislation and regulation
- Keep the agency head and Congress fully and currently informed.
Inspector General Act of 1978

Four primary criteria:

- An independent and objective OIG
- Semiannual reporting to Congress
- Direct / unrestricted access to agency records & information
- Subpoena authority for information and documents outside the agency
Office of Investigations
HHS-OIG’s Mission

OIG’s Mission is to Protect the integrity of HHS programs and the health and welfare of program beneficiaries
Overview of HHS-OIG

• Immediate Office
• OAS
• OEI
• OMP
• OI
• OCIG
• OI has more than 500 employees nationwide, including over 400 criminal investigators and other mission support staff, such as general investigators, forensic computer examiners, investigations analysts, investigations assistants, and administrative staff.
Office of Investigations' Regional Boundaries

Boston
New York
Philadelphia
Atlanta
Chicago
Dallas
Kansas City
San Francisco
Los Angeles
Miami
Office of Investigations Mission

- Protect the integrity of programs administered by HHS.

- Conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs.

- Provides protective services to the Secretary and participates in the Department’s continuity of operations program as well as a full range of public safety and security incident management activities.
OI Investigative Priorities

- Health Care Fraud
- HHS Employee Investigations
- Child Support Enforcement
- Grant and Contract Fraud
- Exclusions
- Self Disclosures
- Other Program Related Investigations
Investigative Activities

- Search Warrants
- Arrest Warrants
- OIG and Grand Jury Subpoenas
- Consensual Monitoring
- Surveillance
- Undercover Operations
- Strike Force Operations
OI Authority

- Inspector General Act, as amended
- Title 18 (Criminal Laws)
- Title 31 (Civil Laws)
- Title 42 (Public Health and Welfare)
- Other Federal Laws
- Ability to investigate and present to State and Tribal jurisdictions
Partnership Driven Approach

HHS Contractors (e.g. Medicare Contractors)

OIG

DOJ/US Attorneys

Federal, State & Tribal LEOs and Agencies

OpDivs/StaffDivs

State, Local & Tribal Agencies
## Statistical Accomplishments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal</td>
<td>575</td>
<td>671</td>
<td>647</td>
<td>723</td>
<td>778</td>
</tr>
<tr>
<td>Civil</td>
<td>291</td>
<td>356</td>
<td>362</td>
<td>355</td>
<td>326</td>
</tr>
<tr>
<td>Exclusions</td>
<td>3,129</td>
<td>2,556</td>
<td>3,340</td>
<td>2,662</td>
<td>3,131</td>
</tr>
<tr>
<td><strong>Monetary</strong></td>
<td><strong>$3,129</strong></td>
<td><strong>$3,968</strong></td>
<td><strong>$3,745</strong></td>
<td><strong>$4,587</strong></td>
<td><strong>$6,078</strong></td>
</tr>
</tbody>
</table>
Ensuring Program Integrity
Let’s talk grants

Did you know that HHS is the largest grant-making organization in the Federal Government?
Grant Facts

• In fiscal year 2011 alone, HHS awarded approximately 80,000 grants totaling approximately $385 billion.
Grant Facts

- Of these 80,000 grants, $91 billion in funding were for programs other than Medicare and Medicaid.
The Recovery Act

• The American Recovery and Reinvestment Act of 2009 provided an additional $31 billion in non-Medicaid/Children's Health Insurance Program funding in FYs 2009-2010.
The Affordable Care Act appropriated more than $127 billion in additional funding through FY 2019.
The BIG picture...

- The programs funded by these HHS grants and the services that they provide affect the lives of nearly every American.
However, without proper controls in place to ensure the appropriate use of funds and sufficient oversight of grantees, these vital HHS programs are at risk.
Grants management and oversight is crucial to both the HHS mission and the health and well-being of the public.
• For this reason, the Office of Inspector General is tasked with ensuring the integrity of the HHS programs.

• OIG has named grants management as one of its "Top Management Challenges" every year for the last decade.
OIG plans to build on its extensive body of work in this area, including:

- Audits
- Investigations
- Evaluations
http://taggs.hhs.gov
What is Fraud?

• There are a number of different definitions, but essentially it is...
  
  — Deliberate deception to secure an unfair gain
  — Deceit, trickery, sharp practice, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage.
  — Sham
Grant Fraud

- Federal grant funds are awarded for a specific “public purpose” and grantees must use those funds as agreed.

- Unfortunately, fraud, waste, misuse, and/or misapplication of these funds can and does occur. These issues can range from poorly managed programs to the extremes of intentional criminal fraud schemes.
Grant Fraud Consequences

- Debarment from receiving future funding
- Administrative recoveries of funds
- Civil penalties
- Criminal prosecution
- Combination of all or some of these remedies.
Mitigating Risk with Grants

• The best strategy to mitigate these risks is to increase awareness of the common grant fraud schemes and encourage appropriate risk management efforts to prevent issues or detect them as early as possible so grant funded programs have every chance of success and taxpayer funds are used as efficiently and effectively as possible.
Most fraud, waste, and misuse schemes fall within one or more categories below:

1. Conflicts of Interest
2. “Lying” or Failing to Properly Support the Use of Funds
3. Theft
Conflicts of Interest

• Typical Issues:
  – Related Party Transactions (Grantee or Board Member, Nepotism)
  – Grant / Sub Grant Award Decisions
  – Consultants: Who, What, How, How Much?
  – Grant Writer Fees / Contingent Fees

• Know your Grantee Conflict of Interest Statement
Typical Issues:
- Labor Hours / Wages; Types of Equipment / Supplies / Events; Indirect Cost Rates; “Level of Effort”
- Program Income / Matching Funds
- Other Grants Fund the Same Program
- Political changes to use of funds

Financial Certifications & Draw Downs must be supported with evidence such as receipts, expense reports or cancelled checks.

Progress reports must be factually accurate.

Signed grant agreement is a contract: changes to budgets and program must be approved.
• By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties.
Theft and Embezzlement

• Single most common risk for every entity– It can and does happen.
• Poor or no internal controls = Virtually inevitable theft.
• “Trust” is not part of the equation.
• Checks routinely written to employees as “reimbursement” of expenses should be carefully analyzed.
• Gift Cards / ATM / Debit / Credit Cards are easily abused.
Preventing Theft

• Ensure internal controls are well-designed and properly implemented and tested.
  – Separation of Duties: receipt, disbursement, recording, custody, & audit / review functions should be done independently.
• Consider using a fiscal agent or bookkeeper.
• Carefully control debit / credit / gift cards and checks.
• Pay close attention to: “payroll advances”; employee reimbursement checks; IRS tax withholding payments & other payroll issues; past-due vendor invoices.
• To increase deterrence and detection, educate every employee, board member, and coalition partner about this risk.
Possible Fraud Indicators

- One person in control
- No separation of duties
- Persons living beyond means
- Missing or incomplete internal controls
- No prior audit
- Unusual behavior
- Recent money problems
- Lack of internal controls
- Lack of regulations / operating procedures
- Lack of oversight to enforce regulations
- Altered / suspect records
Myths about Fraud

- Only certain types of people will commit fraud.
- Most fraud goes undetected.
- Fraud is usually well concealed.
Thank you for your attention!

Questions?
HHS-OIG Website

www.oig.hhs.gov

HHS-OIG Hotline

– 1-800-HHS-TIPS (1-800-447-8477)
– HHSTips@oig.hhs.gov
OIG Most Wanted

Office of Investigations
OI HQ & Regional Points of Contact

- Headquarters (202) 619-3210
- Boston Regional Office (617) 565-2664
- New York Regional Office (212) 264-1691
- Philadelphia Regional Office (215) 861-4586
- Atlanta Regional Office (404) 562-7603
- Miami Regional Office (305) 530-7756
- Chicago Regional Office (312) 353-2740
- Dallas Regional Office (214) 767-8406
- Kansas City Regional Office (816) 426-4000
- San Francisco Regional Office (415) 437-7961
- Los Angeles Regional Office (714) 246-8302