



FRAUD AWARENESS

Office of the Inspector General

1999

U.S. Nuclear Regulatory Commission

CONTENTS

- I. MESSAGE FROM THE INSPECTOR GENERAL
- II. INTRODUCTION
- III. TYPES OF FRAUD
 - A. Procurement/Contract
 - B. Time and Attendance
 - C. Travel
 - D. Disability Payments
 - E. Government Funds and Property/Equipment
- IV. PROSECUTING FRAUD
 - " Criminal Penalties
 - " Civil, Contractual, and Administrative Penalties
 - " Program Fraud Civil Remedies Act
 - " Qui tam Statute
- V. A FINAL MESSAGE
 - " Avoid Fraud
 - " Report Fraud
- VI. APPENDIX

I. MESSAGE FROM THE INSPECTOR GENERAL

The Inspector General Act of 1978, as amended in 1988, states that one of the reasons for establishing the Office of the Inspector General (OIG) is

. . . to provide leadership and coordination . . . for activities designed . . . to promote economy, efficiency, and effectiveness . . . and . . . to prevent and detect fraud and abuse . . .

The NRC OIG Fraud Awareness Program was established to educate NRC employees about Federal statutes and regulations applicable to fraud, inform them about common schemes used to perpetrate fraud, and advise them of reporting obligations so that they can fulfill their obligations as Government employees.

This brochure has been prepared as part of OIG's ongoing efforts to educate, inform, and support you, the NRC employee, in avoiding and preventing fraud and abuse.

By publishing this guidance, I intend to convey my personal commitment to provide every assistance to create an environment at the NRC that thwarts fraud.

Together, we can work to have our efforts and resources put to their best use--protecting our country's health and safety.

Hubert T. Bell

Inspector General

II. INTRODUCTION

Fraudulent activities waste valuable funding and other resources; fraud also threatens successful achievement of the U.S. Nuclear Regulatory Commission's (NRC's) mission of protecting public health and safety.

What is Fraud? Its precise legal definition varies in different statutes and regulations. For purposes of this document, fraud is generally intended to convey wrongdoing resulting from an intentional act of deception or dishonesty against NRC.

28 U.S.C. § 535 requires NRC employees to report suspected criminal activity, in this case fraud, to the OIG. It is our intent in this pamphlet to increase awareness of NRC personnel to the potential of fraud occurring within the work place. Fraud is most likely to occur when the opportunity for undetected misconduct outweighs the chance of being caught.

Agency functions generally have policies or procedures in place that adequately address fraud deterrence--when employees abide by them.

The OIG seeks to reduce opportunities for fraud and at the same time increase awareness of vulnerabilities in agency programs and functions.

III. TYPES OF FRAUD

Experience with fraudulent activities perpetrated against NRC by its employees, contractors, subcontractors, or visitors indicates that such fraud falls into the five broad areas discussed next: procurement/contracts, time and attendance, travel, disability claims, and theft.

A. PROCUREMENT/CONTRACT FRAUD

NRC's procurement of supplies and services involves the expenditure of millions of dollars. The Division of Contracts and Property Management (DCPM) at NRC is responsible for actual procurement and administration of the majority of large dollar contract actions. However, many NRC employees outside DCPM also have contract responsibilities, for instance as requirers or Contracting Officers Technical Representatives.

Some factors may point to the presence of, or may enhance the potential for, perpetrating fraud at various stages in the procurement process. These indicators are not intended, each taken by itself, to establish the existence of fraud. Rather, any of the indicators, when taken in the context of a particular procurement action, should alert NRC employees to the possibility of impropriety and to the need to take appropriate actions to ensure the integrity of the process.

The motives for committing fraud in the contract process are varied. There are many instances of fraud being perpetrated to obtain a contract in order to create the opportunity to later engage in such activities as theft or embezzlement, substitution of products, mischarging of costs, or progress payment fraud. Some contractors commit fraud to obtain a contract at a higher price or one with better terms than those in an award untainted by fraud. Still others fraudulently obtain Government contracts because they need the business to keep their companies in operation when activity in the private sector is low.

Another factor to be considered is that fraud is sometimes committed by, or with the assistance of, Government employees. The possibility should not be overlooked that a Government employee has solicited or accepted bribes or gratuities or has a financial interest in a contractor. In some instances, an agency's employees have created, or become partners in, outside businesses for the sole purpose of committing fraud through their ability to affect or manipulate the award process.

Most of the people participating in programs or involved in their administration comply with all of the applicable rules and regulations. However, the ability to recognize certain potential indicators of fraud during the procurement process can have a deterrent effect on fraud and thereby enhances the integrity of the program.

Various personnel at all levels may become involved directly or indirectly in the procurement process. DCPM carries out the agency's major portion of direct procurement. Of course, many others are responsible for monitoring indirect procurement (i.e., program funds expended by program participants through third-party contracts, e.g., work orders to National laboratories).

In both direct and indirect situations, involved employees should determine the degree to which procurement actions comply with the administrative requirements dictated by the Federal Acquisition Regulation (FAR), Office of Management and Budget circulars, NRC Management Directives, Federal or State and local laws.

Common indicators of fraud in procurement include the following:

Sole source contracts are awarded unnecessarily or second sources are not developed.

Specifications improperly describe needs in ways that can be met only by certain contractors.

Prequalification standards in specifications unnecessarily exclude otherwise qualified contractors.

Contracts are modified to increase the price immediately after the contract is signed.

Contractors are provided with advance inside information.

Requirements are divided to qualify for simplified or small-purchase procedures to avoid contract-review procedures.

CONTRACT FRAUD SCHEMES

Substitution of Products

In this scheme, a contractor certifies that goods or services are being provided in accordance with contract specifications when, in reality, the contractor has provided a substitute or inferior product. NRC contracting procedures allow for changes in performance only with the knowledge and prior approval of the contracting officer. A contractor's unilateral decision to alter performance standards and falsify contract certifications can lead to criminal liability.

Some of the indicators of, and conditions conducive to, product substitution are the following:

contractor s unauthorized quality assurance practices,
history of poor performance by the contractor,
awards to unusually low bidders,
misuse of fast pay procedures,
reliance by Government quality assurance representatives on unverified documentat ion
which has been falsified by a contractor, and
inadequate Government quality assurance oversight.

Mischarging of Costs

In this scheme, costs are charged improperly to NRC cost-type contracts; for example, charges are switched from commercial contracts to NRC contracts, or cost overruns from one Government contract are charged to other Government contracts.

FAR 31-205 provides specific guidance on allowable and unallowable costs. Mischarges on cost reimbursement contracts can involve improper accounting procedures, material costs, or labor mischarges or all three. In some cases, contractors inflate hours worked, double bill, or substitute unqualified workers who get paid less, allowing the contractor to pocket the extra money.

Indicators of cost mischarging are:

Timecards are filled out in pencil.

Contractor employees frequently reassigned to different projects.

Contractor employees identified in the proposal not assigned to contract after award.

Kickbacks

Payments made for the purpose of improperly obtaining or rewarding favorable treatment in relation to a Government contract constitute a kickback. Although such payments are similar in many ways to bribing a Government official, kickbacks, until recently, had not been the focus of public attention and little had been done to address the problem. Congress strengthened the original 1946 kickback statute in 1986 (see 41 U.S.C. § § 5158) to make it illegal for any person to provide, attempt to provide, or offer a kickback to a Government contractor or a contractor s employee for the purpose of improperly obtaining any favorable treatment under a Government

contract. The prohibition covers any money, commission, gratuity, or anything else of value, whether paid directly or indirectly, and applies equally to persons who solicit, accept, or attempt to generate kickbacks. The legislation further prohibits the inclusion of any kickback amounts in the contract price charged by a contractor.

Indications of kickbacks include the following:

The same contractor repeatedly awarded competitive contracts based on bids only slightly lower in price than the next lowest competitor.

Relationships which are too close are observed between contractor and Government officials.

Unexplained wealth or change of life style by Government official.

B. TIME AND ATTENDANCE FRAUD

Time and Attendance (T&A) concerns accounting for the hours employees are present for, or absent from, official duty status. Fraud, abuse, and mismanagement in this area occur all too often in Government. Some of this is due to willful intent, some is the result of a lack of concern, and other abuse reflects inconsistent management controls.

Who Is Responsible?

Entering and approving incorrect data on the T&A report is among the most common abuses. Done inadvertently, it represents sloppy work and poor management. Done deliberately, this is fraud. Timekeepers are responsible for entering the correct data; supervisors and administrative officers who review and sign the reports are responsible for certifying the accuracy and validity of the data.

Supervisors control the T&A reporting process because they

- (1) assign T&A preparation and review duties to employees within their offices,
- (2) certify the attendance and leave reported, and
- (3) reconcile leave and overtime reports with T&A documents.

Types of T&A Fraud

Submittal of False Data to the Timekeeper

To collect unearned pay, some dishonest employees add overtime hours not worked to the T&A report after supervisors have affixed their signature.

Conducting Personal Business at Work

Conducting personal business during official duty hours is also a common abuse. Deminimus, or limited activities of a personal nature, are permitted on a not to interfere basis, e.g., calling home to check on children/babysitter.

Conducting a for profit business, e.g., real estate sales, is always improper. In many instances, this involves not only wasting Government time, but also the use of Government resources, such as the telephone, the photocopier, the fax machine, and office supplies.

Leave While on Travel Status

Travel makes many aspects of T&A more vulnerable to abuse. Often, there is little or no supervision to prevent such abuse. Fraud occurs when an employee on official travel is not at an official duty station or is not pursuing work-related activities. Supervisors should ensure that the travel is necessary and should check the traveler's work products, time reports, and travel vouchers to detect T&A violations.

Preventing Fraud in the T&A Process

To prevent fraud in the T&A process, managers can take the following actions:

Compare leave reported on T&A forms with approved leave requests (SF-71).

Compare overtime reported on T&A forms with the overtime authorizations. (Also review work performed on overtime to verify hours.)

Check T&A forms to assure they are completed correctly and signed.

Make sure leave balances are sufficient to cover leave requested.

Check the leave and overtime reported on biweekly reports with the leave and overtime recorded on the file copies of T&A forms.

Ensure that timekeepers do not maintain their own T&A forms. Also, supervisors should not maintain or sign their own T&A forms.

Discuss discrepancies with employees.

Assure adequate training on leave/compressed/flexible schedule regulations.

C. TRAVEL FRAUD

Travel Is an Important Part of Managing Federal Programs. Billions of Government Dollars Are Spent Annually on Travel.

Government travelers need to be aware of and avoid fraud in conducting official travel. The following checklist highlights vulnerable areas:

Transportation

The basic rule is that the choice of transportation should result in the greatest advantage to the Government. This involves the total cost of a trip, including per diem allowance, lost work time, any overtime pay, and the actual transportation costs. Travel by common carrier, such as scheduled airlines, trains, or buses, usually results in the most efficient use of resources and in the least costly method of travel.

Government-Furnished Motor Vehicles

Government-furnished motor vehicles (e.g., GSA or Government-leased cars) are used only when a common carrier would not be economically advantageous to the Government. Government vehicles are to be used only for official purposes (see 31 U.S.C. § 1344).

Official use does not generally include transportation between an employee's place of residence and place of employment unless specifically authorized in writing; nor does it include transportation for purposes of entertainment. (See NRC Management Directive 13.4.)

Improper use and fraud most commonly occur when travelers make false representations about the purpose of the trip to justify use of a Government vehicle.

Privately Owned Vehicles (POVs)

A POV (such as a car) may be used if its use is advantageous to the Government and if common carrier transportation or Government-furnished vehicle transportation is not reasonably available, or is not advantageous to the Government. Travelers needing to use a POV should obtain written approval in advance. (See 41 CFR Section 301.)

Fraud occurs when travelers inflate the number of miles driven on official business.

Rental of Commercial Vehicles

Commercially rented conveyances (such as rental cars) should only be used when it is determined that use of a common carrier, or a Government-furnished vehicle, would not be more advantageous to the Government. However, an employee who travels by a common carrier (such as an airline) to a temporary duty location and is authorized to obtain a vehicle may use a GSA contract rental vehicle as the first source of supply instead of a GSA motor pool vehicle.

Mismanagement may occur when private open market rentals are used in place of vehicles available from firms under contract with GSA. Waste is also experienced when Government travelers fail to obtain available rental discounts. Furthermore, misuse occurs when employees fail to observe reasonable hours of use or timely return of a vehicle, thereby incurring unnecessary additional charges.

Per Diem Allowance

Travelers should be familiar with per diem allowances and the method of computation. They should exercise the same care and restraint in incurring official expenses as they would if traveling on personal business.

A common method of fraud occurs when a traveler submits a voucher claiming full per diem, but neither stays in nor pays for public lodging and submits a falsified receipt for lodging. This is tempting fraud when the traveler stays at the residence of someone they know or commutes home daily.

Travel Orders

Generally travel should be approved in writing before incurring any travel expenses. The traveler and the approving official should ensure that orders specify the purpose of the trip and the means of travel.

The use of higher level approval authorities, documenting the official purpose for the travel orders, is an important factor in avoiding abuse.

Travel Vouchers

Claims for reimbursement of temporary duty (TDY) travel expenses are made on NRC Form 64, and on SF 1164 for local travel. The purpose of the trip and travel accounting classification/subject class(es) should be included. Approving officials should examine each of these closely, as improperly or falsely filled out vouchers are a primary means of accomplishing fraud, waste, and abuse in travel.

Indications of travel fraud include:

Inadequate, incomplete or handwritten receipts.

Travel requests and orders signed by the same person.

Government vehicles used for non-Government travel.

Rebates to the Traveler (Frequent Flyer Miles)

Generally, rebates or other material of value received by the traveler while on official duty become the property of the U.S. Government (Management Directive 14.1). Gainsharing Awards are a noteworthy exception. Under the provisions of this innovative program, employees may use frequent flyer miles for official travel and receive awards.

Unauthorized personal use of such rebates as frequent flyer miles constitutes both theft (18 U.S.C. § 641) and fraud. Examples of material and financial rewards that have been improperly or fraudulently retained by employees who travel for the Government include the following:

free and reduced fare coupons, including various discount and two-for-one tickets;

refund applications or coupons with a cash surrender value;

hotel or motel guest checks good for cash or reduced rates on future accommodations;

direct cash payments or vouchers issued by carriers to compensate for delayed boarding or canceled reservations (Note: Employees may retain compensation for voluntary delay e.g.,

bumping, under certain conditions.) (See 41 CFR Sections 301-10.116 and 10.117)

gifts or points awarded by a carrier that can be redeemed for additional travel or services;

D. DISABILITY PAYMENTS FRAUD

The Federal Employees Compensation Act (FECA) was enacted in 1916 to provide payments for disabled Federal employees. In 1950, the function was placed in the Department of Labor to provide independence and objectivity in the claims administration process. The 1974 amendments established a continuation of pay (COP) system and allowed claimants to select the physician to provide treatment.

Multi-agency involvement in FECA's administration creates opportunities for abuse--and can make abuse difficult to identify.

18 U.S.C. § 1920 makes a knowingly false claim for these benefits a crime punishable by up to \$2,000 fine or 1 year in prison or both.

Fraud under FECA include false claims for injury occurring outside the work place, claims when there is no injury at all and continuation of claims after the disability was ended.

The true cost incurred for fraudulent claims extends beyond the money paid to individuals. In many cases, the claimant's co-workers know or suspect the fraudulent nature of the situation. They often do not want to inform on a co-worker, although they may resent the abuse and dislike assuming additional workload resulting from the absence of the employee falsely claiming disability.

Indications of FECA fraud include the following:

The claimant is new to the Government.

The claimant is never home--person who answers the telephone says claimant just stepped out.

The claimant goes to a physician used by many claimants who have more subjective than objective type of medical conditions.

The claimant can show little or no medical expenses.

The claimant had a recent problem with a manager or supervisor.

Wording of the medical report suggests the physician's skepticism about the claimant's description of the disability, particularly with soft tissue cases.

The accident

is described inconsistently with the nature of the injury;
has no witnesses;
occurs after proposed or anticipated adverse personnel action.

Claim is not reported timely.

Information about the incident is inconsistent with the actual report.

E. GOVERNMENT FUNDS AND PROPERTY/EQUIPMENT FRAUD

Theft

Government employees are entrusted with control over funds and property. Both the large volume and high value of items under employee s control create potential for fraud. Theft and mismanagement are real concerns throughout the Government. Internal controls are a key element in combating fraud, waste, and abuse. Most losses are due to failure to follow established internal controls or lack of such controls.

Failure to safeguard property and equipment (P&E). Fraud and theft occur when P&E are not sufficiently protected. No matter where Government P&E is used, it must be physically protected to avoid crimes of opportunity.

Unauthorized removal of P&E is another area of abuse. Using Government P&E at home, at a friend s house, or at a private business site without previous approval constitutes misappropriation.

Accuracy of inventory is critical to avoiding fraud and abuse. Items not inventoried or incorrectly inventoried are more vulnerable to theft, loss and waste.

Indications of theft and misappropriation are:

Inventory shortage (or shrinkage);

Excessive rate of depletion of supplies;

High value supplies and technology unaccounted for by audit;

Equipment inventory reports missing or incomplete.

IV. PROSECUTING FRAUD

In addition to guarding against the types of fraud covered by the statutes noted below, it is important to recognize fraud in its broad context. Fraud is characterized by acts of guile, deceit, trickery, concealment, or breach of confidence that are committed to gain some unfair or dishonest advantage. The objective may be to obtain money, property, or services; to avoid the payment or loss of money, property, or services; or to secure business or personal advantage. Fraud may incur criminal, civil, contractual, and administrative penalties.

Criminal Penalties

Criminal penalties are available to *punish* contractors and Government employees who commit fraud. The following statutes generally address acts of criminal fraud:

False Statements (18 U.S.C. § 1001). This statute renders the willful making of an untrue official statement a crime.

Thus, an employee or contractor could be prosecuted under this statute for making fraudulent acts including, swearing to an untrue statement on a financial disclosure form or on an application for a Government entitlement program or for any form of payment. This can be a voucher, a T&A report, or a FECA application.

False Claims (18 U.S.C. § 287). This statute renders it illegal to knowingly submit a claim to the Government for money that is undeserved. False travel claims and contract vouchers are examples of this type of fraud.

Conspiracy to Defraud (18 U.S.C. § 371). This statute renders it illegal to agree with another person, or to take joint action, to defraud the Government.

A conspiracy is defined as two or more persons agreeing to commit a crime. Society views conspiracy as a serious offense and worthy of separate punishment because two or more persons working together can do more harm than one and because a conspirator, by definition, must have planned or premeditated the crime.

Thus, a supervisor who agreed with a subordinate to falsify the overtime on timecards would have entered into a conspiracy.

Mail and Wire Fraud (18 U.S.C. §§ 1341 and 1343). These statutes render it illegal to use the mail service or telephone lines or to transmit facsimile or computer data to commit fraud.

Thus, a contractor mailing a fraudulent invoice to an agency official for reimbursement could be prosecuted for making a false statement, filing a false claim, and committing mail fraud. Wire fraud would be implicated if the telephone were used or if the information were transmitted through a computer modem.

Theft and Embezzlement (18 U.S.C. § 641). This statute renders it illegal to steal, to embezzle, or to have possession of something stolen from the Government.

Thus, an employee or contractor who, without proper authority, retained Government money or property could be prosecuted for embezzlement.

Computer Fraud (18 U.S.C. § 1030). This statute renders unauthorized access to a Government computer illegal, as is access without authorization to obtain financial information, affect Government operations, defraud the Government, or benefit a foreign nation or injure the United States.

Thus, an employee filing a false claim by accessing a Government database could be prosecuted for making a false statement, filing a false claim, committing wire fraud and computer fraud. If two or more persons were involved, prosecution for conspiracy is also possible.

Obstruction of Audit (18 U.S.C. § 1516). This statute renders it illegal to influence, obstruct, or impede a Federal auditor to deceive or defraud the Government. A contractor who manufactures a bogus receipt to support costs questioned during the course of an audit could be prosecuted under this statute.

18 U.S.C. § 201, the bribery statute, prohibits a public official from seeking, accepting, or agreeing to receive or accept anything of value in return for being influenced in the performance of an official act or for being induced to take or fail to take any action in violation of his official duty.

The United States may seek recovery for bribery from both the payer and payee of the bribe. In addition, pursuant to 18 U.S.C. § 216, the Attorney General may seek to obtain from the recipient of a bribe the amount of the bribe, a \$50,000 civil penalty for each violation of the criminal bribery statutes, and injunctive relief.

18 U.S.C. § 209, prohibits an employee, other than a special Government employee, from receiving any salary or any contribution to or supplementation of salary from any source other than the United States as compensation for services as Government employee. Payment of a bribe is a violation of this statute.

Civil, Contractual, and Administrative Penalties

Civil, contractual, and administrative penalties are available to *recover* money lost from fraud schemes and to *protect* the Government. Disciplinary actions (e.g., removal, suspension, demotion, or reassignment) against Government employees who commit fraud or who collude with contractors or others in fraudulent conduct may also be taken. Imposition of these penalties does not require the level of proof needed to support a criminal conviction. Actions may be taken even if there is never a criminal prosecution for fraud.

In some instances, investigators have sufficient evidence that a crime occurred, but the circumstances do not result in criminal prosecution. If the Department of Justice (DOJ) declines to prosecute, managers and contracting officials should consider the facts to determine if some other action is warranted.

A criminal conviction does not, without action by government officials, prevent the contractor from obtaining future contracts or allow the agency to recoup money paid to the contractor as a result of fraud or to obtain the desired or intended performance under the contract.

Managers and contracting officials need to be aware of and to use the civil, administrative, and contractual powers and penalties available to prevent further loss to the Government and to recover Government assets and funds lost through fraud.

The Government has the right to take action against individuals and companies that engage in fraudulent activities. This right is based on several statutory grounds. Some of the civil actions based on those statutes are filed by the DOJ and may be filed in conjunction with, after, or instead of a criminal prosecution.

Other sanctions are imposed by agency officials under administrative regulations. For example, under contract law and principles, the Government has the right to insist on certain standards of responsibility and business integrity from its contractors. The violation of any of those laws or principles gives the Government the right to take action.

Statutes and regulations that address civil, contractual, and administrative penalties include the following:

Civil False Claims Act (31 U.S.C. § 3729). The submittal of a false claim to the Government can make an individual or company liable to the Government, both criminally and civilly. The Civil False Claims Act establishes liability for false claims. It stipulates that the Government can take action to recover penalties and damages for false claims in

addition to, or instead of, resorting to criminal sanctions. Through such actions, the Government can recover assets lost through fraud.

The act, as amended, provides for penalties of up to \$10,000 plus three times the amount of damages sustained by the Government for each false claim. Each fraudulent invoice submitted by a contractor could, under appropriate circumstances, be considered a false claim for purposes of the act.

Forfeiture of Fraudulent Claims (28 U.S.C. § 2514). In accordance with this statute, the U.S. Court of Claims can order the forfeiture of the entire amount of a claim in which it judges the proof, statement, establishment, or allowance thereof is based on fraud or attempted fraud.

The following provisions are specifically applicable to contracts:

Contract Disputes Act (41 U.S.C. § 604). In accordance with this act, a contractor is liable to the Government for the amount of any unsupported part of a claim plus the costs of reviewing the claim if the claim is based even in part on fraud or misrepresentation of fact. The Government does not have to pay the claim in order to recover damages.

Procurement Integrity Act (41 U.S.C. § 423). Although several provisions were repealed, this act still provides for penalties against Government employees and contractors for improper negotiation of employment, offering or accepting gratuities, or disclosure of proprietary information during a procurement. Violation may result in criminal conviction, administrative actions, and civil penalties, including fines up to \$100,000 for individuals and \$1 million for contractor companies.

Termination for Default. FAR 52.249, making a false claim or statement in a contract is evidence of a contractor's irresponsibility. As provided for in FAR 52.249, the contracting officer may terminate a contract for default under these circumstances.

Findings of Irresponsibility. FAR 9.1 requires contractors to demonstrate affirmatively their responsibility, including a satisfactory record of integrity and business ethics. Any evidence of fraud by a contractor is clearly a matter that contracting officers should consider in determining responsibility.

Suspension and Debarment. FAR Section 9.4. Contractors may be precluded from doing business with the Government for committing fraud or for various other actions indicating a lack of business integrity.

Particularly effective tools for obtaining civil damages in cases of relatively low dollar thresholds are:

Program Fraud Civil Remedies Act (31 U.S.C. § 3801)

This act allows most Federal agencies to impose administrative penalties and damages for false claims and false statements if the damages sought are less than \$150,000. NRC has established administrative procedures to implement the provisions of this act (see Part 13 of Title 10 of the *Code of Federal Regulations [CFR]*). The act provides for a penalty of up to \$5,000 for each false claim or false statement. Damages for false claims may be assessed at double the amount of the provable loss.

Qui tam

The Qui tam Statute, 31 U.S.C. § 3730. This statute provides for the initiation of false claims actions by individuals on behalf of the United States. Even if the Government knew of the course of action before the filing of the complaint, the source of the information called the relator may participate and share in the recovery. If the cause of action was a matter of public disclosure, the relator may participate only if he or she was the original source of the information. If the Government takes over the case, the relator has a right to participate in the action and share in the recovery in an amount of between 15 to 25 percent. If the Government does not take over the case, the relator receives 25 to 30 percent of any recovery.

V. A FINAL MESSAGE

Avoid Fraud

Exercise care in monitoring time and attendance reporting.

Use internal controls to protect Government property.

Review travel procedures and claims.

Be wary of contractors who attempt to buy NRC business. Acceptance of even small favors by employees could result in an improper demand from a contractor.

If you suspect that a contractor or any other person is offering you a bribe, notify the OIG immediately. Immediate reporting is important for the following reasons:

An attempt to bribe Government official is itself a crime.

Contractors whose bribe is rejected will sometimes falsely report that the *employee* solicited a bribe.

Refusal to accept a bribe, in itself, has no deterrent effect.

Report Fraud

OIG is the proper recipient of all complaints concerning fraud, graft, corruption, diversion of NRC assets by NRC employees or contractors.

Reports of alleged violations are preferably submitted in writing to the OIG. NRC employees may make such reports either through their office director or directly to the OIG.

The OIG Hotline is a special telephone line set up for Government employees, licensee employees, contractors, and private citizens to report fraud, waste, or abuse to the NRC OIG. If the caller chooses, they may remain anonymous. The NRC Hotline number is 1-800-233-3497.

VI. APPENDIX

Every effort has been made to ensure the accuracy of information contained in this document. An errata sheet is appended for use in providing corrections, or updates.

In addition, comments and suggestions are welcomed. Please forward to the attention of Maryann Lawrence Grodin, Counsel, Office of the Inspector General.

ERRATA

FROM:

PAGE :

CORRECTION/SUGGESTED CHANGE:

CITATION:

NUREG/BR-0147, Rev. 1
January 1999

Hotline Number: 1-800-233-3497