OBJECTIVE

How the Forensic Audit Product Line Uses Information to Assist in Audit Planning
Forensic Audit
Product Line
• What is Forensic Auditing?
• Application of Auditing Skills in Situations with Legal Consequences
  – Analyze Large Volumes of Data
• First Line of Defense Against Fraud Waste and Abuse in Agency Programs
Forensic Audit Product Line

- Creation of Forensic Audit Groups
  - GAO
  - GSA-OIG
  - DHS-OIG
  - NASA
  - Naval Audit Service
Forensic Audit Product Line

- Created New Product Line in May 2008
- Initially 18 Auditors
- Maximum Staffing of 31 Auditors (12 temporary ARRA Hires)
- Consolidated Contract and Grant Activities that were Performed Within Several Product Lines
Forensic Audit Product Line

- Initial Function
  - Proactive Versus Reactive
  - Identify Vulnerable Grants and Contracts
  - Find Fraud Waste and Abuse
  - Evaluate Hotline Complaints
  - Make Referrals to the Office of Investigations
Forensic Audit Product Line

- Function Has Evolved
- Financial Audits of Grants and Contracts
  - Non-compliance
  - Internal Control Weaknesses
  - Costs Questioned
  - Recipient Met Objectives of Funding
Forensic Audit Product Line

- **Characteristics of Work**
  - **Financial Matters**
  - **Short Duration**
  - **Specific Areas of Emphasis**
    - Minimal Internal Control Work
    - Do not Comply with all GAS
How Do We Find Vulnerable Grants and Contracts?
Forensic Audit Product Line

• Grants
  – Search Grants Database
  – Payment Information
  – Single Audits
  – Internet Searches
    • Key Words
    • Lexis Nexis Accurint
    • www.opensecrets.org
Forensic Audit Product Line

• Grants (cont’d)
  – Visual Inspection
  – Project Costs
  – Project Revenues and Credits
  – Matching Funds
  – Procurement
Forensic Audit Product Line

• Contracts
  – Identify Contract Types and Related Contractors
    • Small Business
  – Financial Monitoring Review
  – Review EPA and DCAA audit reports
  – Central Contractor Registration
Forensic Audit Product Line

• Contracts (cont’d)
  – Internet Searches
    • Key Words
    • Lexis Nexis Accurint
    • www.opensecrets.org
  – Contract Review
  – Prepare Risk Assessment Checklist
American Reinvestment and Recovery Act Activities
Forensic Audit Product Line

• State Revolving Fund
  – Drinking Water and Wastewater Facilities
  – $6 Billion

• Other Programs
  – Superfund ($600 million)
  – Diesel Emissions Reduction Act ($300 million)
  – Leaking Underground Storage Tanks ($200 million)
  – Brownsfield ($100 million)
State Revolving Fund Sub-Recipient Construction Reviews
Forensic Audit Product Line

• Get Out Early
• Unannounced Site Visits
  – Floor Check
  – Compliance Review
• Build Upon Experience in Other Areas
  – Construction Grant Program
  – Contract Audits
  – Superfund Removal Site Visits
Forensic Audit Product Line

• ARRA Compliance Issues
  – Buy American
Forensic Audit Product Line
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• ARRA Compliance Issues
  – Buy American
  – Davis Bacon Wages Rates
  – Recordkeeping Requirements

• Procurement
Forensic Audit Product Line

• ARRRA Compliance Issues
  – Buy American
  – Davis Bacon Wages Rates
  – Recordkeeping Requirements

• Procurement
  – Potential Bid Rigging
  – Lack of Criteria
Forensic Audit Product Line

- Other ARRA Work
  - Hotlines
  - Referrals
    - OIG
    - Regions
    - Others
Forensic Audit Product Line

- 60 Investigative Referrals
- 13 Non ARRA
- 47 ARRA
Forensic Audit Product Line

• Examples of OI Referrals
  – Multiple Claims
  – Matching Costs
  – Non Profit Pass Throughs
  – False Certifications
  – False Claims
Forensic Audit Product Line

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