

Catalyst for Environmental Improvement

The Federal Audit Executive Council



Catalyst for Environmental Improvement

OBJECTIVE

How the Forensic Audit Product Line Uses Information to Assist in Audit Planning



Catalyst for Environmental Improvement



Catalyst for Environmental Improvement

- 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



Catalyst for Environmental Improvement

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



Catalyst for Environmental Improvement

- 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



Catalyst for Environmental Improvement

- 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



Catalyst for Environmental Improvement

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



Catalyst for Environmental Improvement

- Characteristics of Work
 - Financial Matters
 - Short Duration
 - Specific Areas of Emphasis
 - Minimal Internal Control Work
 - Do not Comply with all GAS



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How Do We Find Vulnerable Grants and Contracts?



Catalyst for Environmental Improvement

- Grants
 - Search Grants Database
 - Payment Information
 - Single Audits
 - Internet Searches
 - Key Words
 - Lexis Nexis Accurint
 - www.opensecrets.org



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- Grants (cont'd)
 - Visual Inspection
 - Project Costs
 - Project Revenues and Credits
 - Matching Funds
 - Procurement



Catalyst for Environmental Improvement

- Contracts
 - Identify Contract Types and Related Contractors
 - Small Business
 - Financial Monitoring Review
 - Review EPA and DCAA audit reports
 - Central Contractor Registration



Catalyst for Environmental Improvement

- Contracts (cont'd)
 - Internet Searches
 - Key Words
 - Lexis Nexis Accurint
 - www.opensecrets.org
 - Contract Review
 - Prepare Risk Assessment Checklist



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American Reinvestment and Recovery Act Activities



Catalyst for Environmental Improvement

- 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)



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State Revolving Fund Sub-Recipient Construction Reviews



Catalyst for Environmental Improvement

- 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



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- ARRA Compliance Issues
 - Buy American

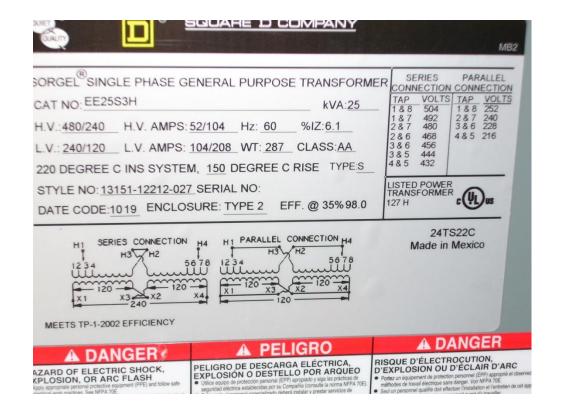


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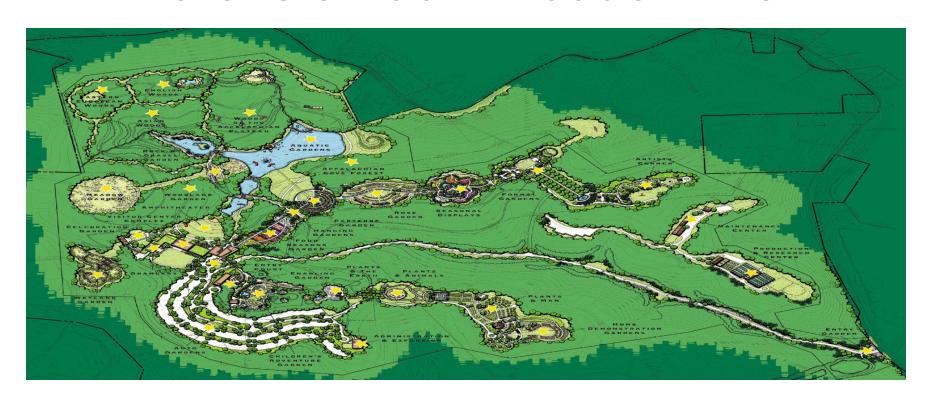


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Forensic Audit Product Line



Steel Pipe CHINA





Catalyst for Environmental Improvement

- ARRA Compliance Issues
 - Buy American
 - Davis Bacon Wages Rates
 - Recordkeeping Requirements
- Procurement



Catalyst for Environmental Improvement

- ARRA Compliance Issues
 - Buy American
 - Davis Bacon Wages Rates
 - Recordkeeping Requirements
- Procurement
 - Potential Bid Rigging
 - Lack of Criteria



Catalyst for Environmental Improvement

- Other ARRA Work
 - Hotlines
 - Referrals
 - OIG
 - Regions
 - Others



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- 60 Investigative Referrals
- 13 Non ARRA
- 47 ARRA



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- Examples of OI Referrals
 - Multiple Claims
 - Matching Costs
 - Non Profit Pass Throughs
 - False Certifications
 - False Claims



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Forensic Audit Product Line

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