



**OIG**  
**Office of Inspector General**

Catalyst for Environmental Improvement

# **The Federal Audit Executive Council**



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### OBJECTIVE

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



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# Forensic Audit Product Line



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- **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**



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# Forensic Audit Product Line

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



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## 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**



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# 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**



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# 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**





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# 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**



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# How Do We Find Vulnerable Grants and Contracts?



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# Forensic Audit Product Line

- **Grants**
  - **Search Grants Database**
  - **Payment Information**
  - **Single Audits**
  - **Internet Searches**
    - **Key Words**
    - **Lexis Nexis Accurint**
    - **[www.opensecrets.org](http://www.opensecrets.org)**



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# Forensic Audit Product Line

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



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# 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**



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# Forensic Audit Product Line

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



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# **American Reinvestment and Recovery Act Activities**



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- **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**



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- **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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**SQUARE D COMPANY** MB2

**BORGEL® SINGLE PHASE GENERAL PURPOSE TRANSFORMER**

CAT NO: EE25S3H kVA: 25

H.V.: 480/240 H.V. AMPS: 52/104 Hz: 60 %IZ: 6.1

L.V.: 240/120 L.V. AMPS: 104/208 WT: 287 CLASS: AA

220 DEGREE C INS SYSTEM, 150 DEGREE C RISE TYPE: S

STYLE NO: 13151-12212-027 SERIAL NO:

DATE CODE: 1019 ENCLOSURE: TYPE 2 EFF. @ 35% 98.0

SERIES CONNECTION		PARALLEL CONNECTION	
TAP	VOLTS	TAP	VOLTS
1 & 8	504	1 & 8	252
1 & 7	492	2 & 7	240
2 & 7	480	3 & 6	228
2 & 6	468	4 & 5	216
3 & 6	456		
3 & 5	444		
4 & 5	432		

LISTED POWER TRANSFORMER 127 H

24TS22C  
Made in Mexico

MEETS TP-1-2002 EFFICIENCY

**⚠ DANGER**

**HAZARD OF ELECTRIC SHOCK, EXPLOSION, OR ARC FLASH**

Wear appropriate personal protective equipment (PPE) and follow safe electrical work practices. See NFPA 70E.

**⚠ PELIGRO**

**PELIGRO DE DESCARGA ELÉCTRICA, EXPLOSIÓN O DESTELLO POR ARQUEO**

Utilice equipo de protección personal (EPP) apropiado y siga las prácticas de seguridad eléctrica establecidas por su Compañía (consulte la norma NFPA 70E).

**⚠ DANGER**

**RISQUE D'ÉLECTROCUTION, D'EXPLOSION OU D'ÉCLAIR D'ARC**

Portez un équipement de protection personnelle (EPP) approprié et observez les méthodes de travail électrique sans danger. Voir NFPA 70E.  
Seul un personnel qualifié doit effectuer l'installation et l'entretien de cet app.



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Steel Pipe  
CHINA





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



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# Forensic Audit Product Line

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



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# Forensic Audit Product Line

- **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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John Trefry, Associate Director of Forensic Audits

202-566-2474

[trefry.john@epa.gov](mailto:trefry.john@epa.gov)



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