

Please stand by for realtime captions .

Hello everyone would like to welcome you to today's webinar. I will turn it over to Ginger alliance to give everyone a welcome.

Afternoon, everyone , this is Ginger Baran on the office of violence against women. Before we get started with the webinar today on grant fraud investigations either a few brief remarks. Many of you are participating in this webinar because you are not attending an in person new grantee orientation this year. And you do need to have this information to manage your grant project. Some of you have attended grantee orientations in the past and had this training or aversion before and others are very new to the work in his staff members, this will be your first time with the material. Any other case, I know the webinar today will be helpful to you

[indiscernible]. I want to announce also that we are recording the webinar today so that other people can download the archived webinar and get the information in the future if they did not have an opportunity to participate today. So without further ado, I would like to introduce the office of the Inspector General in the US Department of Justice, he is a senior special agent with the project action office and his office is primarily responsible for prevention, detection and investigation of procurement and grant fraud related to the Department of Justice. He teaches courses on how to prevent and recognize and report fraud. For the subject matter can be somewhat intimidating I guarantee, you can have a very interesting and engaging presentation for you today that I know folks will find valuable. Thank you for being with us today.

Thank you, Ginger. Good afternoon, everyone. I hope everyone is doing well. A number of you have spoken for 45 minutes or before -- I have never spoken preferred limited our see how I [indiscernible] said the technology I think -- I think Ginger for setting it up and I was usability by drawing on the screen and we have some interaction requested of you, we have poll questions I will put up on the screen in the presentation today to make sure you are paying attention and were some things does questions you can't answer as you go through today. As Ginger said, I am from the Inspector General's office, and those that don't know we are under the Department of Justice and we oversee the Department of Justice, one of the very important responsibilities we have is to ensure that [indiscernible] that will see the Department justice into the office is used properly by recipients. And so the purpose of me being here today is Ginger said is to educate you and give you some things to think about. Most important, my personal goal is to help you prevent problems or be in a good position to identify problems as early as possible because that is the best outcome for everyone. So, what I want to do today is walk through some of the common fraud risks [indiscernible] and some specific things I want you to pay attention to as you're ready to your program

the handouts on your screen will cover what I'm going to talk about and you can keep in front of you in Utah for reference in the future. And I want to start today by just emphasizing that there is some really good news , some bad news and some good news about this whole topic. The goodness in my mind is that you all have OBW funding, which means you

have the opportunity to have a lot of really wonderful and great things to help underserved populations and help a variety of different groups across the country who need assistance, who need programming, who need your help. So congratulations on that and thank you for doing that work. And the bad news in all this though, is that bad things can and do happen there are some significant progress that you need to be aware of in accepting government funds in certifying the proper use of government funds a certain amount of responsibility comes with that and there are some risks that you need to be aware of. Now, getting back to the goodness the other piece of good news is these risks are manageable and you will never reach a point where you can check fraud risks off of your list and say I don't have any fraud risks anymore but there are a lot of things you can do to mitigate these risks by educating your son by giving some careful thought to different types of transactions, different things you may be doing in your programs that are more susceptible to fraud so that is the purpose of this discussion today is to getting the information so you can manage these risks and prevent things in that you can devote most of your time to operating your very important programs. So again I thank you for participating today and I look forward to this experience. So what are we talking about when I say grant fraud? Number one we are talking to the fact that grant funds are awarded to folks for specific purposes. And you all have grant agreements you have signed or some of your organizations have signed to do certain things. And meet certain program requirements. And you have to use those but just as a follow all of these roles that come with that funding. Following the OBW financial guide knowing and following the relevant circulars, knowing of following the auto requirements, all those things come into play. So what are we talking about when we say grant fraud and I will get tricky here is what if the colors are. So when we are talking about grant fraud all we are talking about is when anyone in the process engages in lying, cheating or stealing. Line is pretty obvious, if you tell OBW that you have used your \$50,000 reward funds properly bit later discover that you use the money for another purpose, somebody stole that money, you don't know what happened to that money, or that money is sitting in your bank account you haven't spent yeah, that would be an instance of grant fraud that we followed up on and address is appropriate. On the cheating side of things we typically see in cheating is related party transactions and related party transactions we will get into more in a minute but that is an unfair transaction where a buyer and the seller have some kind of relationship and the price of that transaction maybe is not accurate and I will describe that you more detail in a minute. And last but not least but by far the most serious risk and the most common issue that comes into play with grant funding is some creative, smart, conniving% will take advantage of others. And take advantage of others' goodwill, others -- of the system, our process, and will steal some money. So that is something we will address too in a moment I will give you examples of that and that is one that I want you to pay the most attention to because in my opinion that is the single biggest risk of any organization is that someone will find a way to steal or misuse those funds.

Two assumptions before we get too far here. Number one, I think we all have to consider the fact that fraud can and does happen in these

programs. That I have interacted with many grantees with Board of Directors, university officials, with all kinds of folks all walks of life where someone an organization is only money from them and I have had them tell me that they never in a million years thought this could happen to them come up to their organization. I was a deposit that moment and think if you had ever consider this risk, maybe you could or would have done something to that or prevent or detect it. So I hope all of you out here now we have 179 folks watching, I hope all of your sitting there considering the fact that this could happen in your organization. Hope it doesn't, you hope it doesn't fit to think about the fact that it could and prepare to deal with that. And we deal with that by the second assumption here by doing everything we can to prevent it from happening or to detect it as early as possible. I will give you some real, concrete things you can do, to do those things a little later on in the presentation. Let me also emphasize to you a very important principle of the federal grants process if you're not familiar with the process, due to the grant process or even if you have been involved in it for a number of years.

The issue here is that there are a lot of specific rules in the grants process and I think you would all agree that there are plenty of regulations and rules and a new set of rules coming out this summer 26 that will affect future funding. If you currently have funny you probably will not effective adjusting other are new rules, now. And in the grant process, there are a lot of times when you as a grantee will submit a progress report, submit a financial report, submit some other kind of information to the government saying how much money you use, all the great things he did. It's very, very important that when you do that you keep in mind that the government is relying on you to have good systems to ensure those submissions are accurate. If you are submitting something in the government have to make sure it is not your best guess, make sure it is not an estimate, make sure that it is based in fact and supportable and if someone shows up six months or a few years down the road and wants to conduct a review, monitoring visit or an audit, you have to be prepared to have supporting documentation and spreadsheets. The other point I wanted to make here is the way the system is set up it is very, very much an integrity-based system and that is such an important point that I got a little credit here, I will see if this works, and it does work and I am sure many of you are sharing right now so I will do that again for you. In the point I want to make to you of course is don't assume that because you have been doing something the same way for months and months and years and years related to your personnel costs, in directory, your matching requirements, whatever, don't ever assume that what you are doing is correct because no one has ever said said it in correct. The onus or responsibility is really on your shoulders to make sure that you are reporting, processing, doing things correctly. So it is very important if you have an audit, if you have other folks getting assistance, your regular looking at what are we doing, why are we doing it this way, it is the right where. I will highlight some of those specific danger areas here as you go through today. Please remember integrity-based systems, as you go through your entire program. Now bring this to our first poll question, this requires an interaction from you I think this will be a little fun but the question is, true false the government

audits 100% of brought on requests and verifies every month that all grantees spending is allowable and within approved budget categories. Take a few seconds to answer that for me I would appreciate it.

I see as the answers are rolling and we are doing pretty well, looks like most people understand no that is not correct. The government doesn't have the resources and doesn't really have the technical ability to look at every request, to reach down to a grantee at every instance and asked for supported documentation and ensure that these things are being done correctly. So again, it is very, very important to you to ensure that your spending is in line, with your grant agreement, and comports with OMB circulars, they are allowable and [indiscernible] as you move forward. [Indiscernible--static] we only had a few that accidentally hit the wrong answer, I am sure. Let's talk for a minute about some of the consequences. If you understand how important this topic is. If and when there are allegations or findings of fraud, misuse of funds or simply just funds that aren't accounted for properly there are a lot of things that can happen I will walk through those things with you to drive home the point how important this topic is. [indiscernible] should be foremost in your mind. [indiscernible] do not manage these. You do not properly account for funds you do not pay attention to your account responsibilities at a bare minimum you run the serious risk of not being able to accomplish your mission and maybe even not exist anymore, your organization not exist. So again, a very important responsibility.

I know that most of you get into this grant, programs and helping others because you want to help others and you want to make a difference and that's great that you do have to carve out a little bit of time and energy if you are not already to the management side in accounting side, to ensure you continue doing the work you want to do. So that is the first consequence. The second one here, I will do a free hand too, the second one here is administrative way OBW has a lot of responsibility. To make sure that you are doing what you're supposed to be doing and if they identify you're not responsible grantee, that you will -- your drawdowns are not been done properly that you are not supporting expenditures when asked to, they can do a lot of things. They can cancel funding, they can refuse to give additional funding, they can put grantees on a high risk less which involves extra measures and steps that will certainly require more resources, but it is a protective measure. There is also the process of suspension and debarment where someone who is found to be presently

not responsible in a government-funded program can be debarred from receiving any federal funds for a period of time and that is a measure that we take as we go forward. Number three, we have the false claims act and the civil remedies

and basically what this allows folks like myself to do as an investigator is that if and when we identify false claims against the government government, someone who has invented a progress report, a financial report or a drawdown perhaps we identified that those are inaccurate. We don't have to prove that they are done intentionally. We don't have to prove that someone did it on purpose, we don't have to prove someone stole money, all we have to show is that they presented claims to the government that they knew or should have known or

inaccurate in some form or fashion. And when that happens, we can pursue grantees and go after them for sometimes up to triple damages. You can see where that could be a significant negative, have a significant negative impact on your program. If you are found to have submitted \$10,000 in false claims to the government, the government could demand \$30,000 plus fines and penalties moving forward. Again, very, very preventable. Finally, number four, the other consequence to think about his criminal. This is something that happens on a regular basis typically when people still our money although that is not a requirement, the other requirement is a somebody breaks the law, we can prove they did it intentionally, on purpose, they knew it they were doing and that is why it fits into the embezzlement schemes quite a bit. That of course involves arresting people, criminal prison sentences, it asset seizure, all those kinds of things. All of these that things I just talked about here I will cross them off because we don't want to think about them anymore, are very preventable and very manageable going forward.

Before I shifted to the next slide I see we have a question about timesheets and someone asked a question about whether there is a recommended template to track someone, employee hours, [indiscernible] recipients. The government to my knowledge does not have a template and doesn't tell grantees how exactly this needs to be done. This is especially emphasized in the uniform guidance? CFR part 200 which becomes effective in December, I will type that out here so people can see it, but? CFR part 200, look at all the amazing things I can do. What two CFR part 200 as you think the general underlying principle is grantees must have us and then of internal controls to track and support the claim. So why I don't have a template for you I would encourage you to check with the OBW program specialist for maybe a little bit of guidance, but they are not going to give you a template either the bottom line is that if you spend five hours or entire week on a grant funded project you have to have a way to capture that, records and of course that builds up to your personnel cost claims at the end of the quarter or the end of the month, Harvey do that. So again just make sure you have some way, a simple spreadsheet would probably work or a more complicated time and attendance or accounting system to track that so it is portable. Another thing to consider is, those things should probably be submitted, reviewed and ideally signed by a supervisor or somebody else. Again we have a good record that we know you worked, we know someone signed it and contemporaneously prepared which means prepared as you go along. The last thing you want to do is an audit and create timesheets for the past couple months or years. Not that you couldn't do that in good faith but it probably would be accurate, not a good practice and creates lots of other dangers for other things.

Moving into the kind of first of the three risks I want to talk about is the cheating risk if you will. And the bottom line here is that you have all agreed to spend these funds in the best interest of the program, the best interest of the program. So the best interest of the program means that not in your personal best interest, not the best interest of your family member, not the best interest of our company you May own, some of the things that we see, those all are really relate

to related party transactions. And related party transactions are less than arm's length transactions or any kind of buyer and seller are in a relationship, in an unfair relationship. They know each other, they are related by blood, so the things for you to look out for is hiring a relative. You probably cannot use grant funds to pay your daughter, your sister, your wife, your Munther, to work at the grant funded organization. If you were to do anything like that or thinking about doing that your first step is to notify a program specialist in writing about the situation, maybe with a justification or explanation give them a chance to see that and give you specific guidance. So the catchall here is disclosure. If you find yourself in a position where renting a property owned by the Chairman of your Board of Directors seems to be a really good idea and it's a very cheap rental and it seems to make sense, you cannot do that without disclosing that to the government, getting their permission essentially and following their ultimate guidance.

Make sure you disclose those things that have a discussion. I'll give you a good example of why that is so important in just a minute. The second thing I want you to think about is some grant award decisions and vendor selections. And those similar vein is you have to make sure that when you're making decisions about who is going to get these funds as a vendor or contractor or as a subgrantee that all of that is done above board, a clear and transparent process and if anyone asks you six months or six years later why you made that decision, you want to have good documentation to say here is the procurement process, here are the documents, here is the solicitation, here are the visiting proposals, here is the peer review panel, whatever it may be that you can justify and explain that at some point. In the future. Related to that but -- I had to change colors here for my favorite topic, is the issue of consultants. Consultants can and do many wonderful things in programs and I am guessing that there are probably some consultants participating today, nothing wrong with that, but I do want to caution you that when you use grant funds to hire consultants you have to make sure cross your t's and dot your i's and ask basic questions the first question want to ask yourself is why are we hiring a consultant in the first place. If you are in organization of a 25 employees, you have to justify, of course, why we need a consultant and that can be an easy justification. Could be because they speak a foreign language, could be because I have some extra spell, they cover a certain geographic area, you can answer those questions, but make sure you have addressed those and documents. The second the question you want to ask is how are they selected. We want to make sure and have, again, a good, clearly documented procurement process so we know how exactly they are selected. We want to make sure we're all the same page about what exactly a consultant can do. We should not be hiring consultants to think, assist, help out. There should be very specific things they are going to do. They will reach out to this many kids, teach this many classes, write this report, something very specific, concrete, and verifiable. We want to make sure you have a clear expectation for who the consultant is related to a talked about it minute ago. We probably cannot consult with our brother, sister, Munther, business partner, girlfriend. If we award a consulting contract to that related party that must be disclosed before we do it. But in most scenarios when

consulting contracts are awarded to related parties, the risk of fraud goes of to radically. I have been involved in many instances where those contracts are awarded to relatives or friends in exchange for no work whatsoever. So a very dangerous area so make sure you have a clear documentation about your they are and if they are at all related of course to close that.

The final thing we want to pay attention to is how much we pay these cancel. And the simple answer to this is we pay consultants what they are worth in the marketplace. We pay them what is reasonable in the marketplace and we do not pay them

for 50, five to two, 650, whatever is in the budget because that is what is in the budget. We do not pay them how are much money we have available to pay them. We that -- to not pay them any amount they want to be paid, we do not pay them for any other reason other than we have done the legwork, we have competitive bidding parties -- processes to the research to determine that the cost of the service is this here is what is justified. We have to make sure and document that and make sure everyone is on the same page and why we did what we did with that particular item. This a personal risk want to give an example we will have a quick poll question here for you. A very good example, related party transaction risk of real-world example where hear him speaking to you today from Arlington, Virginia and I can see out my window to Washington DC across the Potomac. Over there is a charter school. Where not that long account some of the people who worked with the charter school set up their own dummy company. They essentially took things that needed to be purchased by the school and ran them through their dummy company. They took a \$70,000, what didn't cause \$70,000, bus service, and ready to their dummy company and charged the government almost \$1 million for that service. This is a really good example of why related party transactions are just said dangerous. We think we are dealing with competitive forces, if we think we are dealing with negotiators who are trying to get the lowest price of the highest price in that natural tug-of-war, that we should have in the competitive marketplace, in reality we're dealing with with people who are self-dealing, self negotiating, really in it for themselves and of the program. We have things like this occur. And those of you that can do the math in your head you see this represents overnight hundred thousand dollars theft essentially. Theft of money. Because the bus services I assume are actually provided but we have now paid a huge premium for this to be funneled through these individual companies.

I think we have a poll question here, going back to a talked about it minute ago, grantee that hires a cancel there any other vendor should be able to clearly document answers to what five keep questions. Are they haven't and the first one is why. Why are we hiring this person in the first place. Is it justified, take a minute please and type out some of your answers and we will discuss them. Excellent listen to have a lot of very good answers. Was specifically are they going to do, what is the skill set, what is the marketplace, we have a lot of what's that is good a lot of why's, I think we covered the whole realm. Again who, what, where, when, why and how much. And if you go to the process of thing for every procurement action with you buy goods and services and you document that, that will go a long way to help you again prevent

problems and to detect issues very, very early. Said thank you for participating.

Moving on to the second risk, the second was going to talk about is lying or failing to support. Again remember when you sign your agreement you essentially promised to do a whole bunch of stuff. You promise to abide by the financial guide, you promise track spending, you promised to file reports on time, you promised answer questions

so this whole risk is about when you don't uphold the end of the process. Whether it be on purpose, or whether it be because of negligence. Either one is of course bad. The first thing we want think about is that you want to ensure that you are using the funds exactly as you said you would. OBW give you funds to run a campus sectional assault program that is of course exactly what you have to do. You can redirect and decide you're going to do some other public service. If OBW give you money for their linguistic program the of course have to use it for that. Pretty straightforward but it can and does happen for folks redirect funds to another legitimate purpose outside the scope of the grant agreement. The most importantly I want to highlight for you here is failing to adequately track how you use money. That is one of the single biggest challenges for some grantees and for the accountability team I am a part of. Some grantees do not put the proper effort in bookkeeping, accounting and tracking funds. So remember when you do a drawdown request of the government for let's say \$10,000, that \$10,000 should be built up from the ground up, should be -- personnel cost claims which are supported by some documentation, purchases, other types of expenses to not build up to the \$10,000. Some actually have a good accounting system and that you're satisfied that it could pass an inspection or audit and that became an issue. The single biggest challenge here for most folks is personnel cost claims. So again, make sure that you have a good system in place that you're not using estimates, not using best guess is Connie of assistance track exactly how each person -- personnel costs is built into that. The other one I mentioned here that comes up sometimes as indirect cost rates and especially on this form I'm not going to go into the details but I do want to say that if you have an indirect cost rate please ensure that you understand what you are doing, file it properly, adjusted if necessary and you have the right folks with an accounting Brock count -- accounting background, they can use it properly. These are issues that have come up in past they get very ugly very quickly and if folks are using the wrong indirect rate or applying a wrong it can add up to a lot of money vary, very fast. As a quick aside we had a grantee a couple years ago you had a grant where they collected a 55 percent indirect cost rate when challenged us to her that Ray came from, they said this exactly -- challenged us to wear at that rate came from -- they said this exactly, that is exactly what they said, the rate that they made up so they could make sure they make a profit. We all know that is not the right answer. That is not the purpose of indirect cost rate. So we had to calculate how much they collected, how much they should have collected and that came out a little over \$200,000. We negotiated a civil settlement with them they pay the government back double damages. So a little over \$400,000 was the amount that they pay back for that particular issue. Again, could've been prevented and that the story for everyone. And last but not least

here, please ensure you have the system, a process to ensure that all of your reporting whether it be financial or -- is affordable, accurate and based on evidence -- based on some kind of documentation. Again going back to the beginning of my presentation, it is integrity the system. If you were to submit progress or financial reports based on a best guess scenario for months and months on and and two years later you are selected for audit were monitoring visit or anything else, your expected to have support and explanations an explanation cannot be that was our best guess or that nobody told us we were doing it wrong. Those answers will not get you very far. Again have to spend a lot of time we doing what you should have done in the first place. Hopefully after hearing this, redouble your efforts and make sure those things are as accurate and complete as possible.

This is a very good example of what I just talked about . In this instance a chief of police submitted a grant application to the Department and it was later found that within the grant application there was the material misstatements. So his false statements the government and I have given these grants. He went to trial, we arrested him and he went to trial and was found guilty of submitting, knowingly and purposely, the criminal system submitting false claims to the government. He was sentenced to 24 months probation, six months served home confinement resigned his position and of course have to pay back the money. The big thing I want to emphasize to hear is that he did not -- doesn't say where here, I know this for a fact, he did not personally benefit from this . None of that \$50,000 went into his pocket. He was not out until his money, he just knowingly made false statements to the government to get money his agency was not otherwise entitled to have. So it's a very significant example here and I realized a serious consequence but again with some thoughts and good processes, very, very preventable . Another good example here for you is an audit that my organization did not that long ago. But we went to big Brothers big sisters of America and said how did you spend our \$22 million. And that is -- should be a very easy question and answer and answer that came back was that we do not know . Because they did not adequately -- cannot adequate support any of their expenditures for the grant funded program from

which basically means they co- mingled their funds. And hopefully that is a term you've all heard before but I want to spend a minute talking about it. Co- mingling of funds is not a very exciting topic but it is very important pay attention to. Basically what co- mingling means is that if you have several sources of revenue coming into your organization, OBW funds, private funds , other donations or other grants from a private foundation perhaps, you have to track how you spend every dollar, his dollar your spending essentially. It is okay to put all of these funds into the same checking or savings account. That is not what we are talking about. You just have to make sure that you are doing that , you have an accounting system that allows you to track how you spend every dollar when you spend. So when you pull out \$1 in that account, cap to have accounting system are tracking system to say I just spent a private dollar or I just spent an OBW dollar or I just spent some other form of a dollar. And again this doesn't sound very exciting, very interesting I know but if you don't pay attention to this you could end up like this organization, standing there saying, we

know we have \$23 million, we did programs, we did the work that we really can't tell you how every dollar spent. And that is a very, very bad situation to be in. Because the government and the grantee have to basically re-create the wheel and go back historically internally figure out how much was legitimately earned, how much was an. Again, it's a big headache that can be very much prevented.

If you haven't had a conversation with your accounting folks or your small organization doing a lot of stuff yourself, make sure you can always answer that basic question and that is, whose dollar are spending when you spend a dollar. So hopefully that is something you already have on your readers. Wrote two another poll question here for you. This one says -- a couple choices are, please take a few minutes to read these. Basically regarding your reporting, financial partners reports, which of the following statements is correct? Please, read through all five of those answers and take a minute to carefully select the correct one. It looks like everyone is doing very well and that's your continue to answer, he like autism. The first one says we only have 45 days to challenge submissions for accuracy that is not true. The government of course can go back at any time and review submissions and ask for documents so there's not a 45 day safe period or anything like that. Number two to ensure consistency is always better to have only one person prepare, review and submit these documents. This one probably relates to basic internal control about it separation of duties, having more than one I on a process. The reason this is the best answer is, because to reduce the incidence of error and of course fraught also, to make sure that submissions are accurate it's always better to have more than one person review the process. One person can prepare it, certainly, but a second set of I should look at it and ideally a third set of eyes or maybe more, review and make sure it is accurate going forward number three, estimates are acceptable financial reports. Are you talked about that one, but again you have to make sure that all of our reporting is based on verifiable facts and support, not guesses or estimates. The next one, or the person actually submitted a report can be held liable. This one is not accurate. I didn't really cover, I apologize for that but it is important to know that in an organization, any individuals part of the process that ends up resulting in a false omission, any or all of those people can be held liable in different ways. Again, very important to make sure you have a good system to report those things correctly. And finally, leave us with the last answer, which is of course the correct answer. Ran to show the system change are all submissions are accurate, complete and supportable. Let me go that looks like it depends on your relation, your size to having good processes is certainly a big part of that. And before I move on I see we have a question here. That asks, after seven years can we dispose of documents.

Without looking, I know you have a requirement keep documents for a certain period of time after your closeout. So I would check with your program person to be sure and double check the rules. You are required to keep all related documentation for that period of time whatever that may be. After that period time is up, you can certainly dispose of them as you wish. But I would also make sure that your complying with your organizational policy. Residents of your part of the University and the

University was state, government you work under has a tenure policy, you may have to comply with that. But as far as the federal grant rules go, I would encourage look at the OBW financial guide and maybe the OMB circulars to get that date, a particular date I believe after final action. So do the research and document what you're doing and why you're doing it. We have another poll question, kitschy with two in a row. True or false, grantees are not required to track these funds. I would like to see that 100% accuracy here with this one. Either someone has a sense of humor or -- what cyber doing well --

looks like we are doing very well. I see most everyone got that correct and that may sound like a funny question but it does happen on a fairly regular basis where someone doesn't a grantee and lots of different context this is how to use our money they say I don't know I didn't track it. Don't get yourself in the position it is a bad position to be an, a waste of time and effort, which resources and it will create more problems than you can imagine. So please, make sure you track every single dollar from day one.

Other question for you here, I forgot I had three intro. Grantees can use award funds to do what? To which of the following? Only one answer is correct. Take a minute to review those, please. Excellent like we have a lot -- all correct answers, wonderful. Lobbying is of course prohibited by your grant agreement so you cannot use any federal funds for lobbying at any time, that is a black-and-white issue. Sending gifts to your program specialists of course they mice not that others is from about. Of course that is not part of your program and of course you cannot do that. Making a profit of course hopefully we all know that the profit making or keeping is a pretty hard no. Every dollar you collect must be for a reimbursable -- reimbursement of a legitimate expense. There's no difference in weight collect and what you spend on the program. No the front as well. For any public purpose, of course we know you can't use funds for just any good deed, you have to use these funds according to your program guidelines and program announcement. That leases of the last answer which of course you have to ensure that all costs are allowable, allocable and reasonable and within the scope of your grant agreement. Said thank you for that, participating in Apple. Let's move on now to her last and final risk and then I will wrap it up with some mitigation things you can do. The numbers care related to theft, I really can't overstate it. The risk here is that a very smart, very conniving, very manipulative, sometimes very desperate person can take advantage of you, of your organization, of your systems, of your weaknesses and still money from you. And from us, the taxpayer and the government programs.

Embezzling is a single biscuit -- single best -- big at risk every organization faces. I work the Department justice and we do internal affairs cases against DOJ employees. And we have had instances were DOJ employees have stolen money from the government. If you watch the news, you see banks, law firms, Girl Scouts, churches, schools, every single organization out there has a risk of theft from embezzlement and you, no matter where you sit, are certainly within that realm. Something I really when you think about. I don't want you to miss trust every employee. Coworker or videos, but I want you to be aware of how significant this risk is and how much money is lost and the carnage

literally left behind when these cases are discovered. The common denominator with all embezzlement and theft is internal controls. And those of you that are as familiar, internal controls is -- can mean a lot of things that very basically is the systems, roles and processes that are in place to ensure things are going the way they should on the financial internal controls, all the things to do to make sure the financial reporting is done accurately and make sure the right money goes to the right people for the right purposes and it is coded properly. Very good example of internal controls that we can all relate to is when we travel for work, we returned from our travel, conference, outreach event, training event, whatever it may be and we complete some kind of travel voucher. We had in our seats, we give it to her supervisor who reviews it, signed a, ideally goes to a third-party looks at it, reviews it, signs it, re- does the math maybe, and then perhaps cuts a check. The reason we do all of that is because we have good internal controls over our travel expense will. The alternative would be -- I went on a trip yesterday for work and if we did not have good internal controls then this morning I would've walked in and said -- to the Department of Justice think of one existed I were going to stick up a cache I kind of sort of thought I needed to be reimbursed for my trip. And would allow that and it is not because people don't trust me, internal controls are not about trust although they do mitigate trust issues. Internal controls are about having processes in place to help ensure again reporting is done accurately, we get the right money to the right people for the right purposes and it is documented properly. Recurring theme again in most embezzlement of the is that we have allowed one person to manipulate a process. Really loved one person to solely manager process, we've allowed someone to override a system, signed someone else's name, have a credit card to use however they want and also to pay that bill. Realist have to ensure we are on guard to these issues. People still money from organizations in a couple of primary ways. Never when they write checks fishing right or checks to themselves. Number two they misused debit cards or credit cards, and that is the single biggest way most people still money is by misusing a credit card. I'm sure many of you watching today have credit cards in your organization. There's nothing wrong with abject ratio of the process to ensure those cards are being used for the right reasons, for the right purposes. You to make sure and have and approving official may be a budget custodian, some in reviewing and making sure things are being done properly. Heatherly people still money is by manipulation of a reimbursement process, a travel scheme. Miscellaneous reimbursement or perhaps a payroll scheme as well with a manipulate the payroll process and give themselves an unapproved raise. Those are just some examples. But again and most typical theft we are doing the people's creativity and they can do -- still money in a whole host of ways so it's important now to think about those risks and consider them. One last one I will mention I know comes up in many programs is the issue of gift cards. Gift cards I know are very useful for a lot of reasons but they are also very -- somewhat risky for people to misuse. If you're going to use gift cards, I feel like I added some graffiti to my slide there, if you're going to use gift cards, you have to ensure you have a good process to track them, inventory them, ensure you have documents about who they are provided to the one for and probably the last we want to do with differences in hand a couple of them out to

your employees or coworkers so they can have about people when they kind of sort of need them.

You do that, before you know you loved hundreds of the thousand dollars a gift cards unaccounted for and I can come very problematic. If you're going to use gift cards, have a process and procedure in place and have -- make sure that process is followed and checked upon so you can have full accountability for those funds. Another poll question for you here, based on some of my real experiences in my job. If your organization has a policy that allows people to use their organizational prescribed for personal use of unlimited a portion of the bill, what do you think of that policy? Give a good opportunity to get this answer correct. And I see we have a whole host of answers here and I agree with all of them. No one has selected the third one down, worker possibly go wrong which is absolutely correct. Hopefully none of you have a policy like this. If you do, please consider changing it because when you allow someone to use the organizational credit card to buy gifts, personal travel, and then you have them highlight or circle what personal payback number with the bookkeeping nightmare, number two is theft and embezzlement really just waiting to happen. Again, please pay close attention to that risk. Another question for you which of the following transactions are at risk for theft. Hopefully this is an easy one for you I talked about this just a few seconds ago. Which is very worried about? -- which ones are you worried about. Busy reviewing their notes for the last few minutes getting the answers white -- right. We want to worry about every one of these and more I'm sure there are other transactions are types of tools that you are aware of that I am not. We want to worry about gift cards, cash generations, payroll checks, and credit and debit cards. Those are all things that have been used in the past and will continue to be used to embezzle money. Thank you weren't participating in that as well.

Let me give you one good example of a theft from 2014 and a press release from I believe the Western District of Wisconsin. A woman worked at a nonprofit, DOJ funded nonprofit. The person reduce their hours to part-time but they continue to pay themselves at as if they were working full-time. Over a three-year period this totals \$160,000 in theft in overpayment. Upon closer examination, they also discover they'd misused or credit card for \$27,000. So in total we have someone here stealing over 130 -- \$140,000 of course they were identified, arrested, they went to court, sentenced to six months in prison, full restitution and home confinement and supervise [indiscernible]. And the thing want to mention about embezzlement it's a very prevalent crime, a significant risk but also want to mention that most people that commit embezzlement eventually get caught. Many of them don't get caught until they have been doing it for a couple of years or many years and then it is an even bigger, ugly mass. But most to get caught in his in everyone's best interest to identify these things in the first month they happen. The very first thing -- the very first time the one-pager selection ideally should not have flight by somebody we should've stopped initiative prevented it and got repayment. The very first time she misused or credit card, same thing. That would've been a better outcome certainly for everyone. Let me wrap up in the last few minutes

here with some risk mitigation things, things you can specifically do at your organization. Number one, think about your program, what exactly you're doing, what looks like, how you're spending money and think about where your goals are. Number two think about specific things you can do to mitigate some of those risks. One thing you can all do is educate

people within your organization. Board of Directors, volunteers, coworkers, program folks, whoever else is participating. Use the slides and handouts is necessary and ensure that folks are aware that gift cards are potential risk for you. Or, ensure they know travel vouchers must be carefully done. So make sure you think about those risks and educate others about specific strategies. We talked about internal controls been very, very important. We all have internal controls, I'm willing to bet that everyone participating today has a big manual somewhere of internal controls. The important part, overlooked for oftentimes is we have to make sure they are tested and make sure that they actually work. So make sure that you are aware of that and you continually look for them. Make sure that your reports to the government are accurate and that you have your safe little file at work that provides all the support for our partner support or financial report. So if anyone does audit you or does a monitoring visit or wants to know how you spend money, you can pull that out and you are well organized in you haven't already to go.

Number five we talked earlier, mention again conflict of interest. If you have any transactions that you think may trigger this conflict of interest stuff please make sure and disclose in writing. Follow that guidance and be very much on guard for any and their transactions because that could trip you up with a grant requirement but can also costume -- also cost you money and finally, make sure you have a fair, transparent and well documented procurement process to ensure that whatever goods and services you are buying are in the best interest of the program and are supportable and are reasonable. The one last thing I will mention on that of course is the issue of consultants. Make sure, again, that if you're hiring consultants, you clearly document why, who, how, what and how much you are going to pay them.

I hope all of this information was helpful to you. I sincerely mean it when I say that I am very thankful that you are doing all of this important work out there. I know that Clark does not recognize folks like you with your own national holiday or anything perhaps one day they will do that but what you're doing is important. But there are some risks. I hope today I hope she better understand some of those risks and more poorly help you take measures to mitigate those risks and make sure you can focus as much of your time on your program as possible. I will end by saying that if I can ever do anything for anybody, this is all my contact information. Just don't call me right now or the next five minutes because I'm looking out the window and traffic is getting bad able to be a while ago any other time I am fully available. If your questions right now I would love to read them in the Q&A or chat and we can address those. Then one must jump in, please, feel free.

Well questions are coming in again this is gender -- Ginger at OBW thank you, Ken for the presentation today's very informative and helpful to the folks listening today and definitely fun to follow along. We will answer -- if Ken can answer questions as they come up it would be great. We miss anything we will collect those questions and send them to him in an e-mail and be sure to get those responses to you. I have promised some follow-up in terms of sample timesheets and other information also the archived webinar link when that becomes available. Please, keep an eye out for an e-mail from me early next week with all of that. Thanks.

Where my looking for questions? I don't see any Q&A? Is our should be looking?

Yes, doesn't look like there any new questions coming in. I think we are just about done.

Okay, great . Thank you, everyone.

Thank you very much, Ken and thank you everyone for participating.
[Event concluded]