



YOUR ROLE IN REPORTING FRAUD

Presenter:

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ASAP II

ACCELERATING SUPPORT TO ADVANCED LOCAL PARTNERS II

A Few Quick Notes

1. Welcome Local Partners – **In the chat, tell us where you're from.**
2. Please use the **Q&A box to ask questions** and the chat box for answering questions asked by the presenters.
3. We have a few **polls** during the webinar today. They will pop up on your screen.
4. The presentation for today's webinar will be saved on ASAP's website at **www.intrahealth.org/asap-resources**



Rapidly prepare local partners to have the capabilities and resources to serve as prime partners for USAID/PEPFAR programming, in compliance with USAID and PEPFAR procedures, for PEPFAR program implementation in FY 2022 and 2023.

70% of USAID PEPFAR funding to local prime partners.

STRATEGIC OBJECTIVES

1. Strengthen local partners to comply with regulation and as they transition to receive PEPFAR funding as a USAID prime partner.
2. Prepare local partners to directly manage, implement, and monitor PEPFAR programs, and maintain consistent PEPFAR program achievement and quality.

ASAPII

ACCELERATING SUPPORT TO ADVANCED LOCAL PARTNERS II

KEY RESULTS from ASAP I & II

ASAP has supported
126 local organizations
in **18** countries

113 local partner organizations

13 local government partners



ASAP II-SUPPORTED COUNTRIES

Angola

Cameroon

Côte d'Ivoire

DRC

eSwatini

Ethiopia

Lesotho

Malawi

Namibia

Nigeria

South Sudan

Uganda

Zimbabwe

ASAP I

**additional
countries:**

Kenya

Mozambique

South Africa

Tanzania

Zambia

**18 TOTAL
COUNTRIES**

ON-DEMAND WEBINARS

USAID/ASAP has broadcasted **90 webinars** for more than **20,000 attendees** in **76 countries**.

Find past webinars on ASAP's web page www.intrahealth.org/asap-resources

The image shows two overlapping screenshots of the ASAP Resources website. The top screenshot displays the search interface with filters for Topics, Language, Type, From, and Until, along with a search button. The bottom screenshot shows a specific webinar listing for 'Fraud: Preventing, Whistleblower Programs, Detecting, Reporting, Investigating, and Managing Cases' from February 2021. It includes a video player, presentation slides, Q&A, and social media links. The sidebar on the left lists 'New ASAP Resources' with dates and titles like 'Overhead: NICRA and 10% De Minimis' and 'Optimized Human Resources for Health Staffing'.

AVAILABLE IN 3 LANGUAGES

Choose your
language or topic.

Webinars in
**French, English,
and Portuguese.**

Topics

- Any -

Language

- Any -

Type

- Any -

From

-Year

Until

-Year

By Keywords...

SEARCH

Writing Abstracts



July 2021

Webinar recording and presentation notes from July 8, 2021.



Download a pdf
of the presentation.

Watch a recording
of the webinar.

WHAT'S NEW

July 26, 2021

What Does It Take to Keep HIV Services Available in Tanzania during COVID-19?

July 08, 2021

Quality Improvement: The Quiet Hero of Global Health Programs

July 02, 2021

New Regional Advisors Will Guide Frontline Health Workers Coalition's Policy and Advocacy Work

TWEETS

Safina meets w/ expectant mothers (who often walk 5+ kms to see her) during #COVID19. Our

TODAY'S PRESENTER

Dominic Mbah, ASAP II Senior Capacity
Advisor for Financial Management and
Compliance

AGENDA AND LEARNING OBJECTIVES

I. Mandatory Disclosures

II. Defining Fraud and its Importance

III. Your Role in Combating Fraud and Corruption

1. Identifying Fraud and Corruption
2. Combatting Fraud and Corruption
3. Reporting Fraud and Corruption

IV. What Happens When Fraud Is Detected or Reported

1. The Role of Partner Organizations
2. The Role of the USAID Inspector General

V. Additional Resources To Learn More

SECTION I: § 200.113 MANDATORY DISCLOSURES

“The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award..... Failure to make required disclosures can result in any of the remedies described in § 200.339.”

§ 200.339 REMEDIES FOR NONCOMPLIANCE

“If a non-Federal entity fails to comply with the U.S. Constitution, Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in § 200.208. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances”

§ 200.339 REMEDIES FOR NONCOMPLIANCE (CONT.)

- a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- c) Wholly or partly suspend or terminate the Federal award.
- d) Initiate suspension or debarment proceedings as authorized under [2 CFR part 180](#) and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- e) Withhold further Federal awards for the project or program.
- f) Take other remedies that may be legally available.

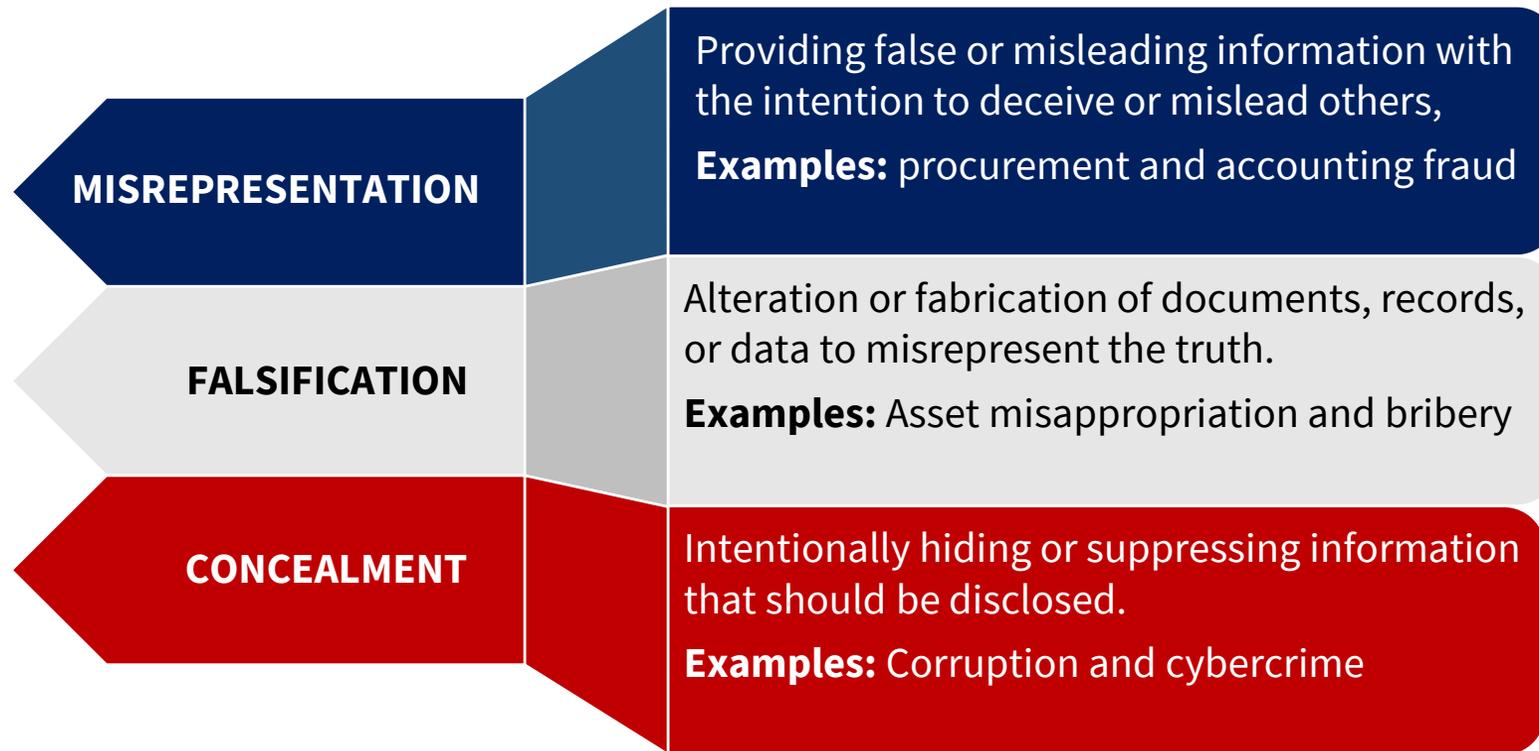
“Corruption, embezzlement, fraud, these are all characteristics which exist everywhere. It is regrettably the way human nature functions, whether we like it or not. What successful economies do is keep it to a minimum.”

Alan Greenspan

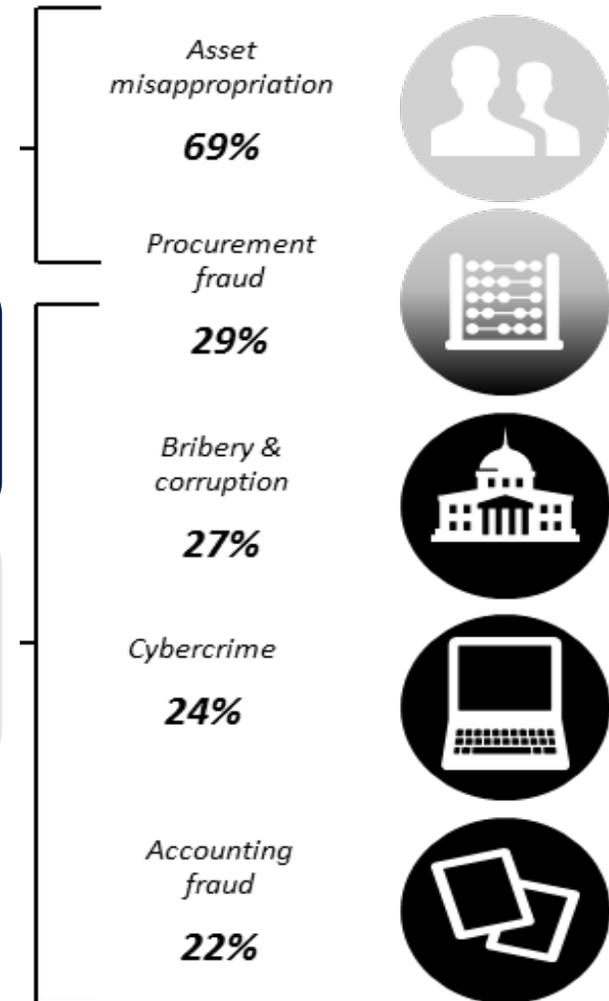
SECTION II: WHAT IS FRAUD?

Fraud is intentional or criminal deception or misrepresentation for financial or personal gain.

Major types of fraud include:

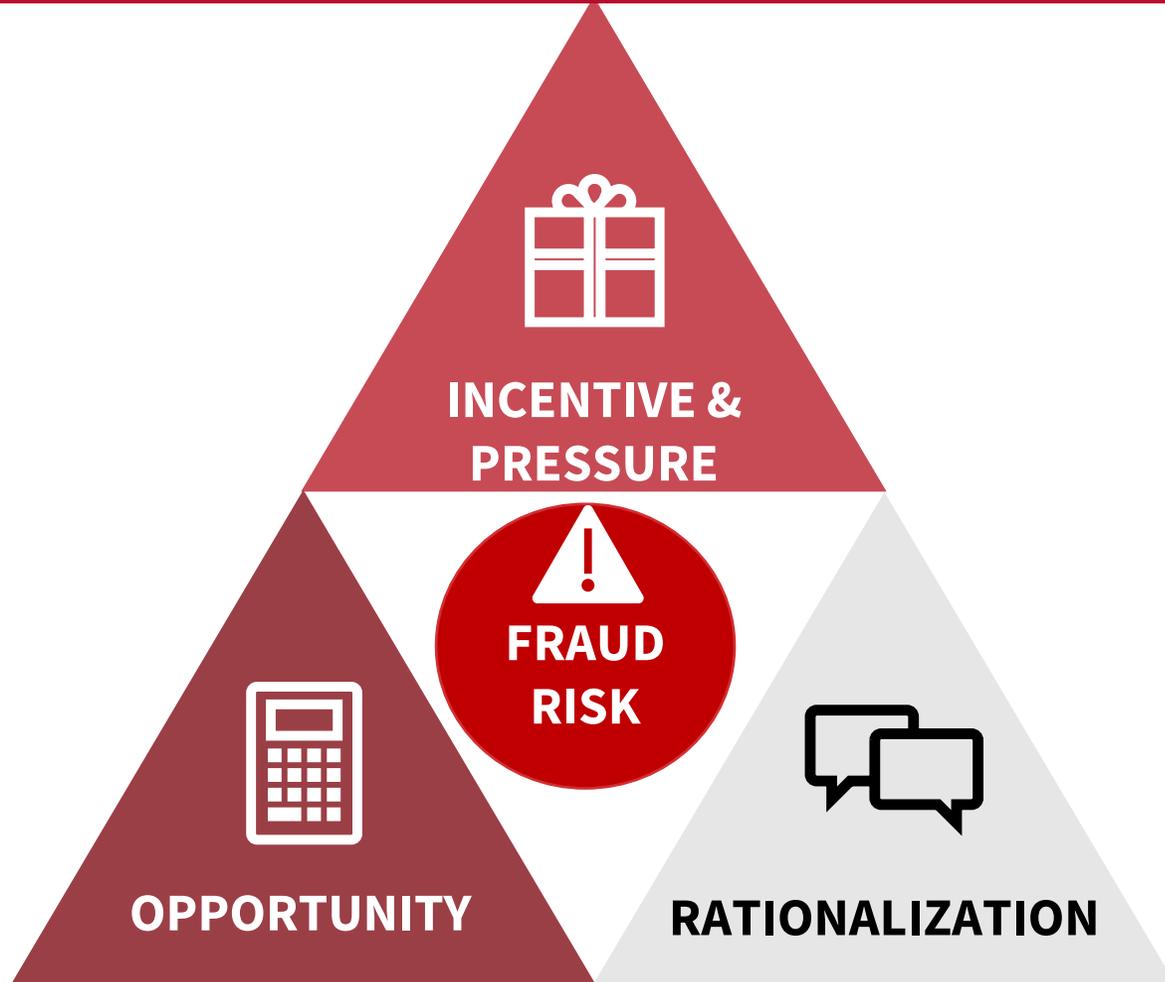


Five types of frauds consistently reported



Source: Association of Certified Fraud Examiners (ACFE) Reports to the Nations

WHY DOES FRAUD OCCUR?



- 1. OPPORTUNITY:** access to resources or information enabling fraudulent acts without detection.
- 2. RATIONALIZATION:** actions are justified as necessary or acceptable due to personal circumstances.
- 3. PRESSURE:** significant pressures may compel individuals to engage in fraudulent activities.

By understanding and addressing these three components, individuals and organizations can implement preventive measures, enhance internal controls, and develop effective fraud detection strategies to minimize the risk of fraud and corruption.

WHAT ARE THE KEY IMPLICATIONS OF FRAUD?



Financial



Legal



Reputation



Damage to employee/personal morale & decline in productivity



Loss of trust

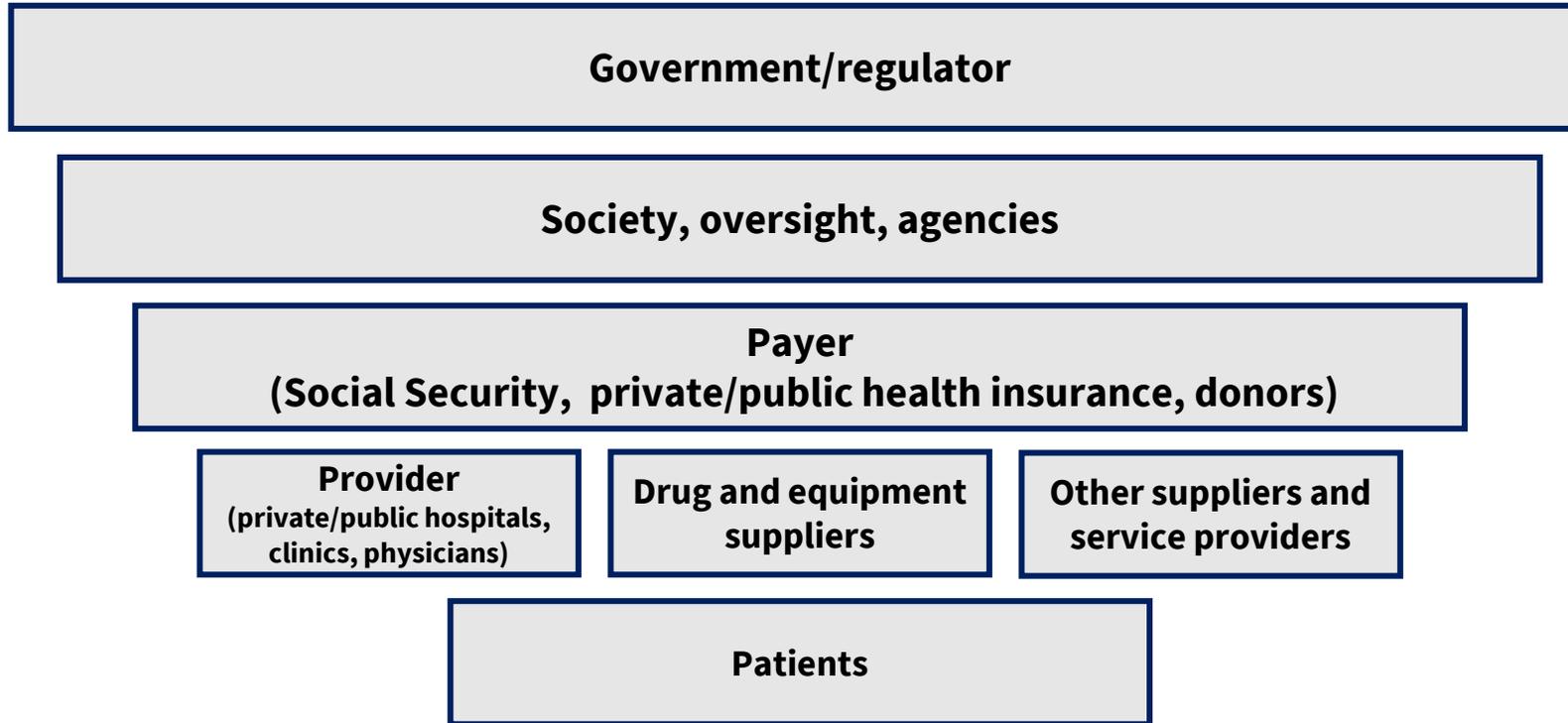
KNOWLEDGE CHECK #1 AND Q&A

What are some implications of fraud and corruption?

- A. The program will have fewer funds and resources to provide essential services**
- B. Stakeholders will lose trust**
- C. Employee morale may suffer**
- D. There may be legal ramifications, including criminal and civil penalties**
- E. All of the above**

Part 1: Identifying Fraud and Corruption

WHAT ARE THE SOURCES OF FRAUD?



Health sector fraud and corruption spans from regulatory bodies to administrative functions, such as health sector procurement, logistics, and hiring, and extends all the way down to the service delivery level in the relationship between patients and providers.

WHAT ARE THE MAIN TYPES OF FRAUD TO LOOK OUT FOR?

TYPES OF FRAUD

ILLUSTRATIVE EXAMPLES

Informal Payments

Project contractor requests additional payments from vendors or suppliers in exchange for awarding them contracts.

Theft

Employee responsible for project inventory, such as medical supplies or construction materials, steals items for personal use or to sell them on the black market.

Data Manipulation

Data is manipulated to inflate project achievements and outcomes, presenting false information to USAID for reporting purposes.

Absenteeism and Ghost Workers

Project contractor creates fictitious individuals on the payroll who do not actually work on the project and divert those funds to themselves.

Conflict of Interest

Project team member awards contracts to a company owned by a close relative violating conflict of interest policies and undermining fair competition in the procurement process.

Kickbacks

Supplier or contractor provides bribes to a purchaser or decision-maker in exchange for gaining an unfair advantage or securing a contract.

WHAT ARE SOME EXAMPLES OF THE EFFECTS AND INDICATORS OF FRAUD?

EFFECT

Informal payments restrict access to the poor

Theft, embezzlement, and bribery limit access to medicines and equipment

Low efficiency due to fraud in procurement

Absenteeism limits access to health personnel

Diminished impact of initiatives



INDICATOR

Patients reporting being asked to pay informal fees

Unexplained inventory variance

Overpriced commodities

Health workers engage in private practice during hours assigned in public health facility

Unnecessary middleman or broker involved in contracts or purchases

WHAT KIND OF FRAUD SCENARIOS EXIST?

SCENARIO

Theft during the transportation of large volumes of drugs was caught through employees querying missing items and identifying modified shipment records.

PREVENTATIVE STEPS

- Transparency
- Strengthening governance and oversight
- Implementing and enhancing policies
- Protecting whistleblowers
- Utilizing technology and data
- Enforcing consequences and sanctions

WHAT KIND OF FRAUD SCENARIOS EXIST?

SCENARIO

Informal payments have been prevalent due to low salaries for healthcare staff, resulting in patients feeling the need to make additional payments for services.

PREVENTATIVE STEPS

- Increase health worker salary
- Enhanced workload management
- Strengthen communication and education
- Strengthen Anti-Corruption measures
- Foster a culture of transparency and accountability

KNOWLEDGE CHECK #2 AND Q&A

What are some common types of fraud to look out for?

- A. Informal payments and kickbacks**
- B. Theft**
- C. Data manipulation**
- D. Absenteeism and ghost workers**
- E. All of the above**

Part II: Combatting Fraud and Corruption

HOW DO YOU COMBAT FRAUD?



Design and implementation of the infrastructure that prevent corruption and fraud from occurring, e.g., **governance, policies, preventative and detective controls, training and communications.**



Focus on the factors that impact or lead to corruption and fraud, such as **risk assessments, design of detective processes, technology applications, data, and controls such as spot checks, mapping fund flows, etc.**



Focus on what happens after corruption or fraud is alleged or detected, including the **design of investigative approaches, undertaking discovery, investigation and/or qualitative evaluation and analysis, and reporting.**

WHAT ARE SOME APPROACHES TO IDENTIFYING AND COMBATTING FRAUD?

1 POLICIES AND PROCEDURES

2 DEFINED PROCESS AND CONTROLS

3 MONITORING

4 REPORTING

5 ASSURANCE

At the Program Level:

- A. Identify the stakeholders
- B. Analyze relevant types of fraud and corruption risks
- C. Determine if policies and procedures are adequate
- D. Comply with code of ethics and policies and procedures
- E. Perform risk-based testing of policies, procedures, and internal controls

WHAT ARE SOME APPROACHES TO IDENTIFYING AND COMBATTING FRAUD?

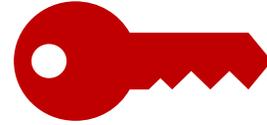
CODE OF ETHICS

1. Defines the core values of the organization
2. Establishes ethical standards of conduct
3. Requires compliance with laws and regulations
4. Defines individual responsibilities, expectations, and behavior
5. Requires instances of unethical conduct to be reported
6. Defines potential sanctions for violating the Code of Ethics
7. Requires that personal and organizational conflicts be disclosed and managed
8. Outlines whistleblower protections

FRAUD POLICY

1. Defines the organization's policy and risk appetite toward fraud and corruption
2. Establishes ethical standards and expectations regarding fraud and corruption
3. Requires compliance with laws and regulations
4. Outlines roles, responsibilities, procedures and controls to identify, evaluate, prevent, detect, and respond to fraud and corruption
5. Defines reporting mechanisms and requirements
6. Defines procedures for investigating alleged instances of fraud and corruption
7. Defines potential consequences and disciplinary measures
8. Outlines whistleblower protections

WHAT IS YOUR ROLE IN IDENTIFYING AND COMBATTING CORRUPTION?



YOUR ROLE IN COMBATTING FRAUD AND CORRUPTION

1. Adhere to and promote the highest standards of ethical conduct
2. Know what policies you need to follow
3. Understand and implement fraud and corruption prevention approaches
4. Report concerns promptly
5. Promote information on how to report fraud to OIG

KNOWLEDGE CHECK #3 AND Q&A

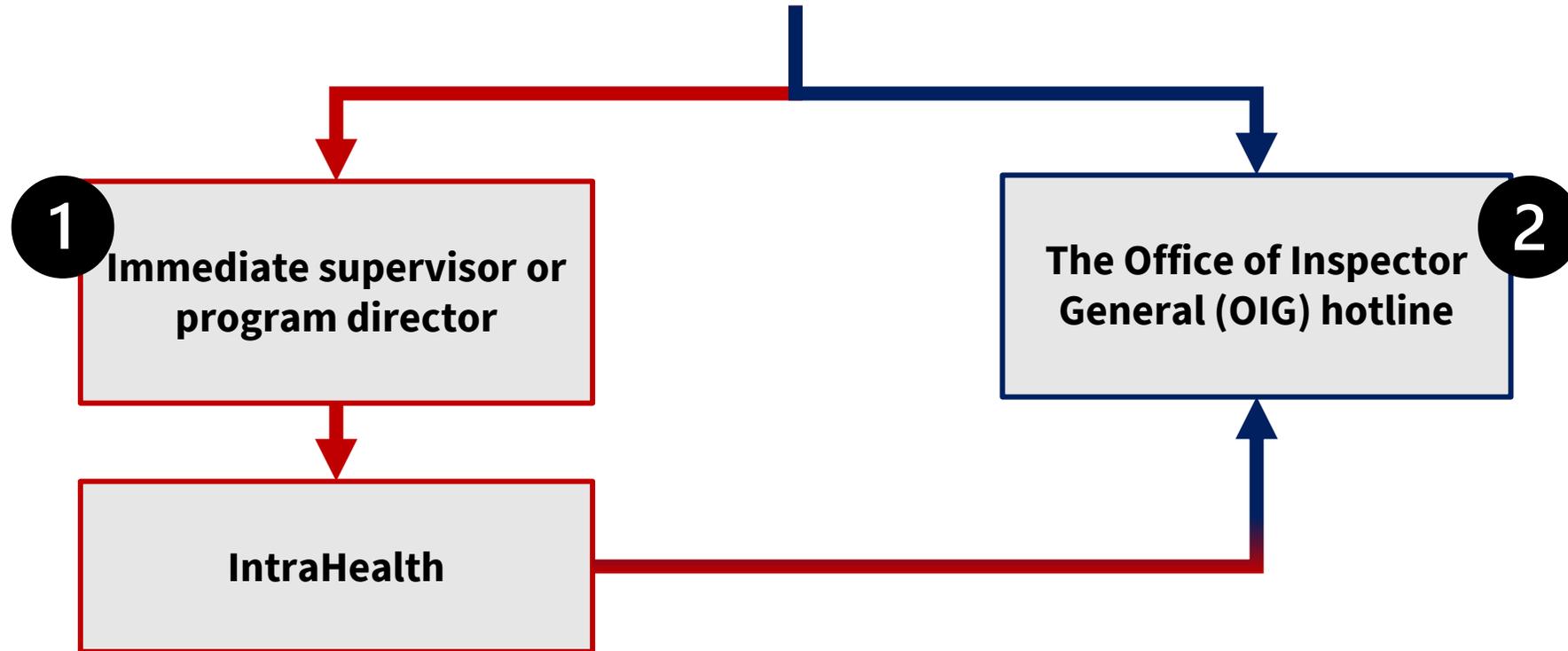
Which of the following are not ways of identifying and preventing fraud and corruption?

- A. Adhere to the Code of Ethics**
- B. Segregate duties and responsibilities**
- C. Ignore the fraud policy**
- D. Report concerns promptly**
- E. Promote information on how to report to the OIG**

Part III: Reporting Fraud and Corruption

WHERE SHOULD YOU REPORT FRAUD?

If fraud is suspected, you should report to:



To report fraud, go to:

<https://oig.usaid.gov/report-fraud>

OTHER CRITICAL MATTERS THAT MUST BE REPORTED

Trafficking in Persons Incidents

Trafficking in persons, aka human trafficking, is a crime and a human rights abuse. It commonly takes place in the form of **sex trafficking**, **labor trafficking**, and **child soldering**.

Material Support to U.S. Sanctioned Entities

It is generally prohibited to engage in transactions or provide material support to countries, groups, or persons sanctioned by the U.S. government.

To view the sanction lists, please visit:
<https://sanctionssearch.ofac.treas.gov/>



WHAT SHOULD YOU REPORT?

**DESCRIPTION OF
FACTS**

WHEN AND WHERE

FINANCIAL DETAILS



**SUPPORTING
EVIDENCE**

PARTIES INVOLVED

**CONTACT
INFORMATION**



Office of Inspector General
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Nicole Angarella, Acting Deputy Inspector General, performing the duties of the Inspector General

Guidance

Your Information

Alleged Subject
Information

Allegation
Information

WHAT PROTECTIONS EXIST WHEN A MATTER IS REPORTED TO THE OIG?

Employees of Government contractors, subcontractors, grantees, and subgrantees cannot be **discharged, demoted, or otherwise discriminated against** as long as they reasonably believe the information, they disclose, is evidence of fraud, waste, and abuse.

W H I S T L E B L O W E R

KNOWLEDGE CHECK #4 AND Q&A

When reporting to the OIG you must disclose your name when submitting a report to the Hotline.

A. True

B. False

SECTION IV: WHAT HAPPENS WHEN FRAUD IS DETECTED OR REPORTED

Part I: The Role of Partner Organizations

WHAT CAN ORGANIZATIONS DO WHEN ALLEGED FRAUD IS DETECTED?

- **Report the incident to senior management or the board (if applicable)**
- **Investigate the incident to determine the facts and circumstances**
- **Take appropriate disciplinary action**
- **Review and update policies, procedures, and controls**
- **Refer the matter to the USAID Office of Inspector General and other law enforcement for further investigation**

REPORT INSTANCES OF FRAUD TO THE OIG PROMPTLY

If fraud (or other illegal matters) has occurred, or is suspected,
the incident must be promptly reported to the OIG.

To report fraud, go to:

<https://oig.usaid.gov/report-fraud>

SECTION IV: WHAT HAPPENS WHEN FRAUD IS DETECTED OR REPORTED

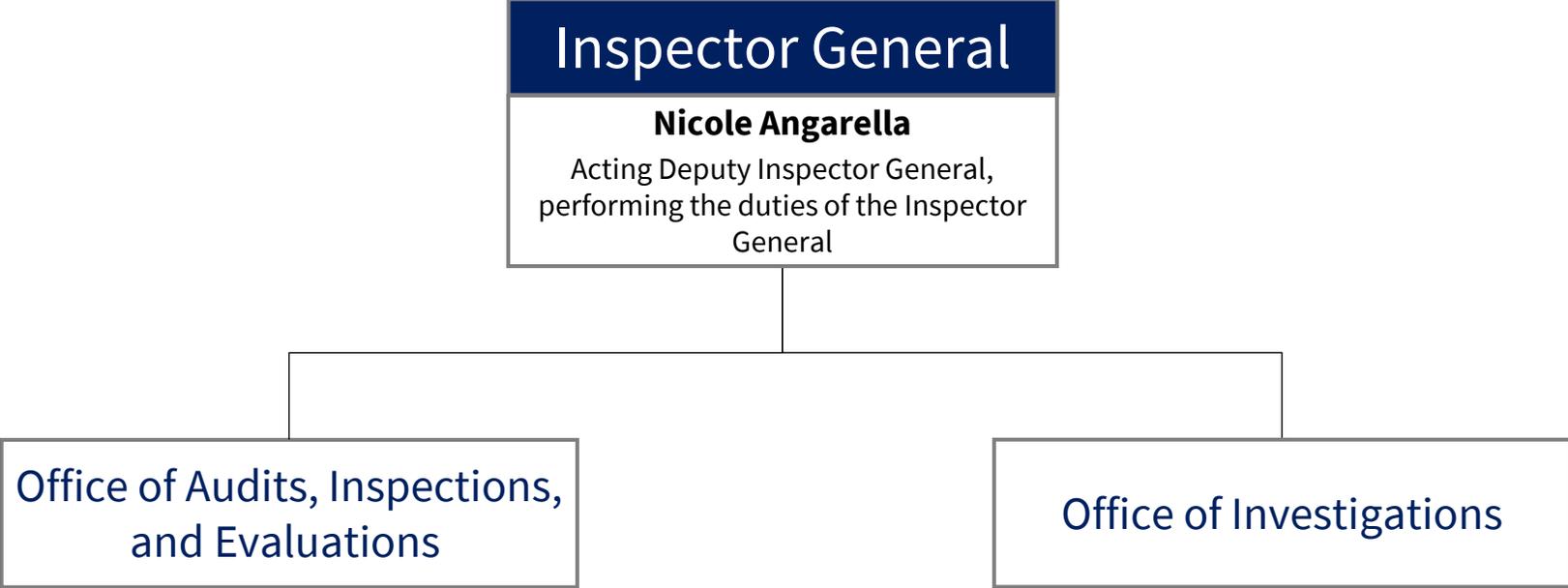
Part II: The Role of the Inspector General

THE ROLE OF USAID INSPECTOR GENERAL

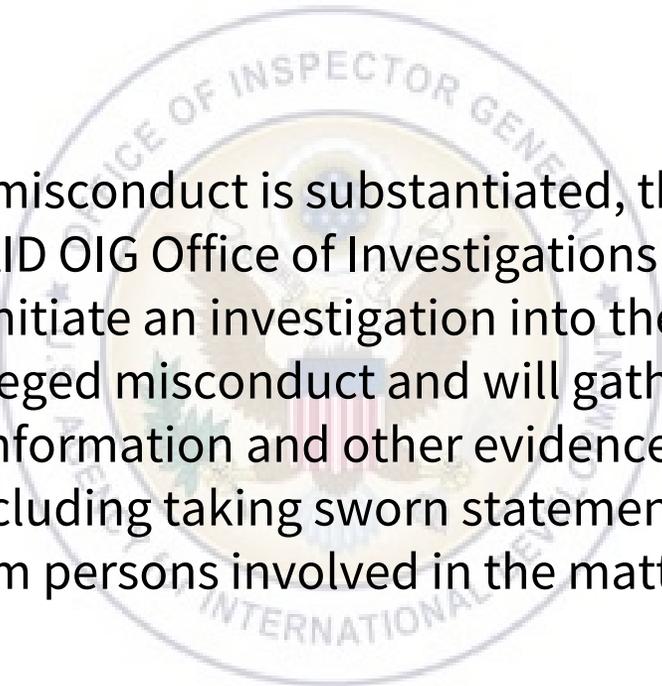
*“To **safeguard** and **strengthen** U.S. foreign assistance through timely, relevant, and impactful **oversight**.”*



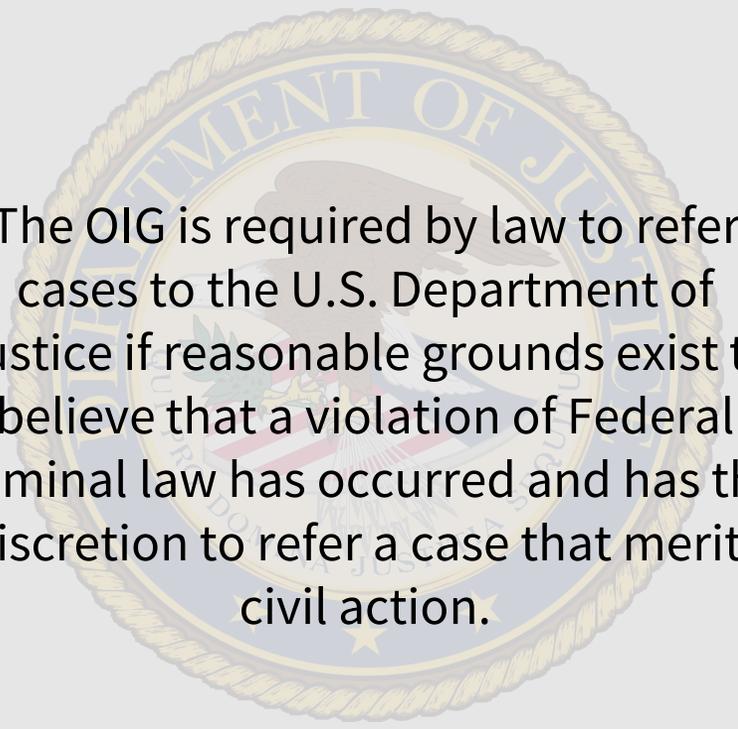
DIFFERENT FUNCTIONS OF THE OIG AND WHAT THEY DO



WHAT HAPPENS WHEN SOMETHING IS REPORTED TO THE OIG?



If misconduct is substantiated, the USAID OIG Office of Investigations will initiate an investigation into the alleged misconduct and will gather information and other evidence, including taking sworn statements from persons involved in the matter.



The OIG is required by law to refer cases to the U.S. Department of Justice if reasonable grounds exist to believe that a violation of Federal criminal law has occurred and has the discretion to refer a case that merits civil action.

WHAT ARE THE CONSEQUENCES OF FRAUD?

Program Impact:

- Inability to provide necessary program services
- Reduced ability to achieve program objectives and outcomes
- Loss of reputation by donors and other stakeholders
- Loss of current and future USAID funding

Criminal, Civil, and Other Penalties:

- Termination of employment
- Prison time for perpetrators
- Fines
- Restitution and disgorgement
- Potential to be charged with other-related crimes (e.g., tax-related charges, wire fraud, etc.)



RIPPED FROM THE HEADLINES - RECENT INCIDENCES INVOLVING FRAUD

2023

Theft

On April 20, 2023, the World Food Program informed its humanitarian partners that it was suspending deliveries of food aid to the Tigray region because it had uncovered widespread theft. Less than two weeks later, the United States Agency for International Development said they were also suspending aid.

2023

Falsifying Invoices

The Human Resources Director of an NGO pleaded guilty to a scheme to deliver goods and services that were unauthorized to third-party organizations. The Human Resources Director could potentially face 20 years in prison.

KNOWLEDGE CHECK #5 AND Q&A

Which function within the OIG is responsible for investigations for instances of fraud?

- A. Office of Audits, Inspections, and Evaluations**
- B. Office of Investigations**

SECTION V: ADDITIONAL RESOURCES

[U.S. Strategy on Countering Corruption](#)

[USAID Anti-Corruption Policy](#)

[USAID Anti-Fraud Plan](#)

[USAID Global Health Anti-Corruption Integration Handbook](#)

[U.S. Whistleblower Statute - 41 U.S.C. § 4712](#)

Always refer to your organization's policies and procedures

A FINAL WORD WHEN IT COMES TO FRAUD AND CORRUPTION...

See Something



Say Something

Q&A



CONTACT INFORMATION

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Thank you!



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ACCELERATING SUPPORT TO ADVANCED LOCAL PARTNERS II



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