



Office of Inspector General  
Legal Services Corporation

## **The Fraud Corner**

The Office of Inspector General (OIG), Office of Investigations, is providing LSC Grantee Executive Directors with the following information related to a recent investigation conducted by the OIG. We are also providing potential “red flags” and “prevention best practices” which could aid grantees in identifying or preventing the activity discussed below.

The Office of Investigations is in the process of developing a web page entitled “The Fraud Corner” which will highlight fraud prevention issues identified through our investigative program. We anticipate that “The Fraud Corner” will become a regular publication which will appear on the OIG website and contain content similar to the information provided below.

### **Investigative Issue**

An OIG investigation led to a former employee of an LSC Grantee agreeing to plead guilty to two counts of theft from a program receiving Federal funds. The former employee was a Program Manager overseeing a grant that utilized the services of volunteers and interns. The investigation found that the Program Manager submitted false travel claims for the volunteers and interns and then deposited the reimbursement checks into the Program Manager’s personal bank account. The individuals to whom the reimbursement checks were written had no knowledge that the travel claim had been filed in their name or that the reimbursement checks had been cashed and the funds retained by the Program Manager.

### **Red Flags**

- Travel reimbursement claims submitted not by employees, interns, or volunteers, but by a supervisor or other staff member on their behalf;
- Travel reimbursement checks mailed/provided to a supervisor or other staff member, for distribution to the traveler, rather than directly to the traveler;
- Mileage reimbursement claims that show an inefficient use of time or seek reimbursement for travel outside of grantee’s hours or service area;
- Suspicious travel reimbursement claims that show beginning and ending odometer readings, which would indicate that the only use of the employee, volunteer, or intern’s personal vehicle, for the period of time covered by the claim, was for travel performed for Grantee business and shows no personal use of the vehicle during that period; and/or
- Lack of management awareness and oversight of employee mileage reimbursement claims.

## **Prevention Best Practices**

- Require that all travel reimbursement requests be submitted in the name of the traveler or the person requesting reimbursement;
- Require that all employees, volunteers, or interns provide the grantee with a valid mailing address or direct deposit bank information and ensure that all reimbursement checks issued to those individuals be sent to the mailing address or deposited in the designated bank account;
- Ensure proper oversight by managers for branch offices or outreach locations.

## **Additional Best Practices for Preventing Travel Fraud**

- Ensure work product and case management entries match the travel reimbursement requests;
- In addition to the mileage claimed and expenses incurred, require that travel reimbursement forms report the starting point and destination; the Grantee case number related to the travel; and the specific purpose of the travel;
- Require that all employees seeking reimbursement complete all required entries and certifications on the travel form, including obtaining all required authorizations and approvals; and
- Ensure that supervisors and accounting staff conduct thorough reviews of travel vouchers prior to authorizing reimbursement.

If you have any questions or comments or would like additional information about this post please contact Daniel O'Rourke, OIG Assistant Inspector General for Investigations at (202) 295-1651 or by email [Dorourke@oig.lsc.gov](mailto:Dorourke@oig.lsc.gov).