

Frequently Asked Questions about Fraud Prevention

Who should report education fraud?

Anyone who suspects or has evidence of education fraud, regardless of position or level, should report that information to ED OIG.

Where should you report fraud?

- To report fraud, please complete and submit the [OIG Hotline Complaint Form](#).
- You may also contact the OIG Hotline by e-mailing oig.hotline@ed.gov, calling 1-800-MISUSED, faxing to 202-245-7047, or writing to Inspector General Hotline, U.S. Department of Education, Office of Inspector General, 400 Maryland Avenue, SW, Washington, DC 20202-1500. You can also contact the OIG Regional Office closest to you. [Here is a listing of those offices](#).

What is fraud in the context of education grants?

In a nutshell, fraud occurs when education grants are not applied for, received, or spent for their intended purposes, generally through theft, misappropriation, or false statements. Fraud can occur in applying for a grant, such as if false information is provided on the grant application. Fraud can also occur during performance of a grant, such as through false assertions on a performance report, theft or misappropriation of grant funds, or certain types of lack of performance under the grant. Fraud also happens when grantees try to cover up underlying problems by creating false documents, by destroying documents, or by not being truthful with investigators or others. It's important to recognize that there can be fraud even if no money has been received, such as when false information is provided in a grant application, and that type of fraud should also be reported, investigated, and prosecuted.

What actions must Federal contractors take to avoid fraud, and what should you do if you suspect fraud under a Federal contract?

The Federal Acquisition Regulation requires Federal contractors to report to the OIG violations of criminal law and the False Claims Act in connection with the award and performance of government contracts and subcontracts. It also requires contractors to post fraud hotline posters at worksites to encourage employees to report fraudulent activity. Contractors that knowingly fail to disclose such violations and overpayments on government contracts in a timely manner are subject to debarment and suspension. Contractors also must establish internal control systems to facilitate timely disclosure

of improper conduct and must cooperate fully with the OIG and other government agencies. Failure to meet these requirements is cause for debarment or suspension. In addition, a contractor's record of integrity and business ethics is relevant past performance information that can be used in future decisions on selection of contractors.

The American Recovery and Reinvestment Act (Recovery Act) requires all contractors and other recipients of Recovery Act funds to report fraud to the OIG. You should also report to the OIG if you believe that fraud has been committed under any other ED contract.

The National Procurement Fraud Task Force, of which the OIG is a member, coordinates the efforts of many agencies across the government in fighting and eliminating procurement fraud. For more information about the task force, [click here](#).

What are the penalties for committing fraud?

Penalties for fraudulent use of Federal education funds are severe, and can include prison sentences, fines, damages, restitution (paying back what was stolen), and debarment from receiving Federal funds.

How do you know someone is knowingly committing fraud? How can you spot potential fraud?

Indicators of fraud include missing funds; unusually large amounts of payments in cash; no separation of duties/one person in control; payments to family members; inflated invoices; payments for services that never occur; altered, inadequate, or missing documents; and unauthorized transactions. If you suspect fraud, notify the OIG, and our experts will seek to determine whether the fraud was knowingly committed.

What are the legal protections for whistleblowers or other individuals who report suspected fraud? How can you be sure you won't be punished in your job?

The identity of those who report fraud or make other complaints to the OIG can be kept confidential. Also, under the [American Recovery and Reinvestment Act \(Recovery Act\)](#), an employee of any non-Federal employer receiving Recovery Act funds, and under the [2013 National Defense Authorization Act](#), any employee of a Federal contractor, subcontractor, or grantee may not be discharged, demoted, or otherwise discriminated against as reprisal for disclosing what they believe to be fraud connected to Recovery Act or other Federal funds. Employees may also be protected

under State whistleblower protection laws. Federal employees are protected from reprisal under the [Whistleblower Protection Act](#).

How do you report a whistleblower reprisal complaint?

Complete and submit the [OIG Whistleblower Complaint Form](#), or if you do not have access to the Internet, call 1-800-MISUSED and we will send you the form, which you may then fax to 202-245-7047, or mail to the Inspector General Hotline, U.S. Department of Education Office of Inspector General, 400 Maryland Avenue, SW, Washington, DC 20202-1500.

Why should you report fraud?

You should report fraud because you have a legal responsibility to do so, and to ensure that education dollars are going to the intended recipients—our schools, students, and the other beneficiaries of ED programs. Also, if you fail to report fraud, you could be committing a felony.

If you are participating in an ED peer review and you believe a grant application (from a Local Educational Agency, for example) has false information, should you stop the process or let the process continue?

You should promptly stop the review and notify the OIG of your concern, so that the OIG can make a determination before you continue the review of the grant application.

Fraud Prevention Materials

OIG offers free fraud prevention materials to State educational agencies, local educational agencies, institutions of higher education, schools, parents, students, and entities that receive ED funds or participates in ED programs. This includes posters, brochures, and DVDs. OIG fraud awareness posters can be downloaded (links below). For a copy of our DVDs or brochures, please contact the OIG Public Affairs Office.

English

[PDF](#) (196K) | [MS Word](#) (116K) | [TXT](#) (1K)

Español - Spanish

No está disponible. - Not available yet..

中文: 繁體版 - Traditional Chinese

[PDF](#) (111K) | [MS Word](#) (57K) | [TXT](#) (1K)

Việt-ngữ - Vietnamese

[PDF](#) (96K) | [MS Word](#) (55K) | [TXT](#) (1K)

한국어 - Korean

[PDF](#) (107K) | [MS Word](#) (52K) | [TXT](#) (1K)

Tagalog

[PDF](#) (70K) | [MS Word](#) (58K) | [TXT](#) (1K)

Русский - Russian

[PDF](#) (93K) | [MS Word](#) (56K) | [TXT](#) (1K)

School Responsibility

Institutions of Higher Education

All school personnel are responsible for reporting fraud, waste, or abuse to the U.S. Department of Education, Office of Inspector General. You can make your report to the [OIG Hotline](#). The regulations governing this responsibility can be found in 34 CFR 668.16, which requires an institution to:

- "(f) Develop and apply an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews—
 1. All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;
 2. Any documents, including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and

3. Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs;
- (g) Refer to the Office of Inspector General of the Department of Education for investigation—
 1. After conducting the review of an application provided for under paragraph (f) of this section, any credible information indicating that an applicant for Title IV, HEA program assistance may have engaged in fraud or other criminal misconduct in connection with his or her application. The type of information that an institution must refer is that which is relevant to the eligibility of the applicant for Title IV, HEA program assistance, or the amount of the assistance. Examples of this type of information are—
 - i. False claims of independent student status;
 - ii. False claims of citizenship;
 - iii. Use of false identities;
 - iv. Forgery of signatures or certifications; and
 - v. False statements of income; and
 2. Any credible information indicating that any employee, third-party servicer, or other agent of the institution that acts in a capacity that involves the administration of the Title IV, HEA programs, or the receipt of funds under those programs, may have engaged in fraud, is representation, conversion or breach of fiduciary responsibility, or other illegal conduct involving the Title IV, HEA programs. The type of information that an institution must refer is that which is relevant to the eligibility and funding of the institution and its students through the Title IV, HEA programs.”

K-12

ED OIG works to ensure that education dollars reach intended recipients and serve intended purposes. We also work to ensure that these funds and ED programs are protected from fraud, waste, and abuse. As part of this important effort, information is available to State educational agencies, local educational agencies, and schools across the country that describe fraud laws and how to report fraud. [Click here](#) for more information. Please distribute this information widely among employees, subgrantees, and contractors.

In addition to reading and distributing this information, school officials, teachers, subcontractors, and parents are encouraged to report any suspicion of fraud, waste, or abuse to the [OIG Regional Investigation Office](#) closest to you.

You also may contact the OIG by completing and submitting the [OIG Hotline Complaint Form](#), calling 1-800-MISUSED (1-800-647-8733); or writing to: Inspector General's Hotline, U.S. Department of Education, Office of Inspector General, 400 Maryland Avenue, SW, Washington, DC 20202-1500.

Additional information for reporting fraud to OIG

- [Letter to Chief State School Officers \(2010\)](#)