

Procurement Actions

The PFG strives to achieve the best possible outcome for its investigative efforts. Each case is routinely presented to an Assistant United States Attorney (AUSA) located within various districts for prosecution. If criminal prosecution is declined, the PFG agent will seek civil prosecution, or an appropriate administrative remedy against the contractor and the IRS contract employee.

Criminal Actions: The PFG working in tandem with the AUSA strives to ensure that contract companies and agency employees who violate federal criminal statutes are fully prosecuted. These actions result in the assessment of criminal fines and penalties and/or incarceration.

Civil Actions: The PFG relies on the Civil False Claims Act and the Program Fraud Civil Remedies Act (PFCRA) to adjudicate civil actions. Under the Civil False Claims Act the government can recover treble damages as well as an additional penalty of \$5,500-\$11,000 for each false claim.

PFCRA functions like a mini false claims act. It allows the government additional legal remedies in false claims actions under \$150,000.

Suspension and Debarment: A suspension is an administrative remedy that functions as a temporary stop order. It prevents the contractor from continuing their work until the investigation or legal proceeding is concluded.

A debarment prevents the award of future contracts with the government for a fixed period of time. It can be against an individual and/or the company.

Personnel Actions: Administrative actions taken against IRS employees for engaging in unlawful procurement misconduct may include anything from a reprimand to termination.

PROCUREMENT INTEGRITY

IT'S UP TO YOU

If you suspect or become aware
of a potential fraud scheme

Contact us

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Treasury Inspector General
For Tax Administration



Our Mission

The mission of the Procurement Fraud Group (PFG) is to investigate allegations of fraud, waste, and abuse involving IRS procurements and procurement-related misconduct by IRS employees.

Procurement Responsibilities

Fraud Awareness

The PFG is responsible for promoting fraud awareness within the IRS contracting community. This specialized unit strives to establish a series of trust-based relationships with our internal and external clients so that together we can effectively respond to procurement issues and protect the integrity of the acquisition process.

Our agents provide guidance to TIGTA Field Divisions on matters of suspected contract fraud as well as routine briefings to IRS contracting personnel on how to recognize and report fraud that occurs during the acquisition process.

Fraud Prevention

Proactive initiatives equate to cost savings for the government. The ability to detect and prevent recurring and systemic deficiencies in government procurement is the responsibility of every employee and is high on the priority list of each PFG Agent.



Investigative Support

The PFG has a full time forensic auditor who provides critical investigative support through the development and application of specialized techniques designed to produce quantitative investigative results.



Program Auditors within TIGTA's Office of Audit also support PFG's mission, via complex data analysis and review of the agency's procurement systems with a focus on identifying critical fraud indicators.

Procurement Fraud Schemes

Procurement fraud schemes designed to improperly enrich contractors, vendors, and/or government procurement personnel rob the government from engaging in free and open competition. Some of the most prevalent schemes the PFG investigates include:

- ☆ **Product Substitution:** This occurs when a contractor substitutes one product for another of lesser value and the government pays the higher valued price.
- ☆ **Cost Mischarging:** This occurs when a contractor "shifts" costs from one government contract (usually a fixed price contract) onto another type of contract (usually a cost reimbursable contract).

- ☆ **False Claims:** This occurs when a contractor knowingly submits or causes the submission of a false or fraudulent claim to the government. False claims are also generated as a result of contractors passing on unallowable costs to the government in the form of overhead rates or other fictional expenses.
- ☆ **Bribery:** This occurs when the contractor or government contracting official offers, receives, or solicits something of value in exchange for providing or receiving preferential contract or procurement information.
- ☆ **Antitrust Violations:** This occurs when contractors engage in collusive bidding and price fixing agreements in order to limit competition. This places the government in an unfair advantage in obtaining the most competitive price and damages the public's confidence in the fairness of the procurement process.
- ☆ **Defective Pricing:** This occurs when the contractor submits inaccurate cost and pricing data to the government. This data is often "hidden" from view until an audit or contract close out identifies the actual costs the contract incurred.