



Grant Fraud 101 and Data Analytics

June 18, 2025

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Executive Director
Pandemic Response Accountability Committee

What Is the PRAC?



- In March 2020, the CARES Act created the Pandemic Response Accountability Committee (PRAC) to conduct independent oversight of the more than \$5 trillion in pandemic relief.
- The PRAC comprises 21 federal Inspectors General and supports a community of over 14,000 oversight professionals.

PRAC Mission



Promote Transparency
& Coordinated
Oversight



Prevent & Detect Fraud,
Waste, Abuse &
Mismanagement



Identify & Mitigate Major
Cross-Program and
Cross-Agency Risks

What are Grants?



- Grants and cooperative agreements are awarded for “public purposes” to help individuals in need, build bridges and roads, conduct medical and other scientific research, improve energy efficiency, facilitate social programs to address juvenile delinquency, domestic violence, etc...
- For project grants, profit is generally prohibited– every dollar claimed must be for an allowable, allocable and reasonable cost. (Note: some Small Business Innovation Research (SBIR) awards allow for a small profit.)
- Project grants are essentially legal-binding promises (many, many promises) for a recipient to try to do something. The awarding agency agrees to pay the bills.



NATIONAL NEWS

People who leave parties without saying goodbye save up to 2 days per year: Report

December 18, 2022

The Key Issues



**Integrity
based
system**



**Evolving
risks-- no
safeguard is
foolproof**

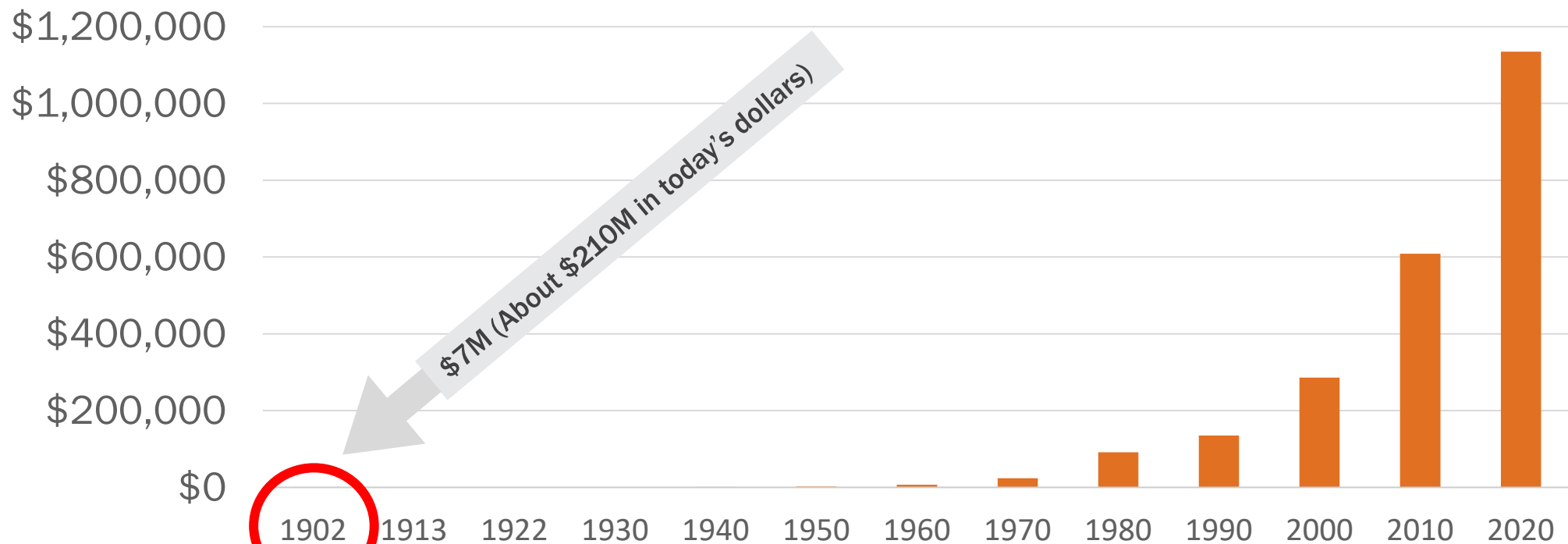


**83% of funds
go to state
governments**



**Spending
transparency
and other
data
challenges**

Federal Grants to State, Local and Tribal Governments FY1902- FY2020 (nominal \$ in millions)



Sources: USAspending.gov and Congressional Research Service, Federal Grants to State and Local Governments: A Historical Perspective on Contemporary Issues; Updated May 22, 2019



Federal Program Inventory

Program search

Explore programs by category

About the FPI ▾

The U.S. Federal Government administers over 2,600 federal programs, totaling over \$7 trillion in FY 2024 expenditures.

Explore programs by category

<https://fpi.omb.gov/>

VISION

Positive
Change

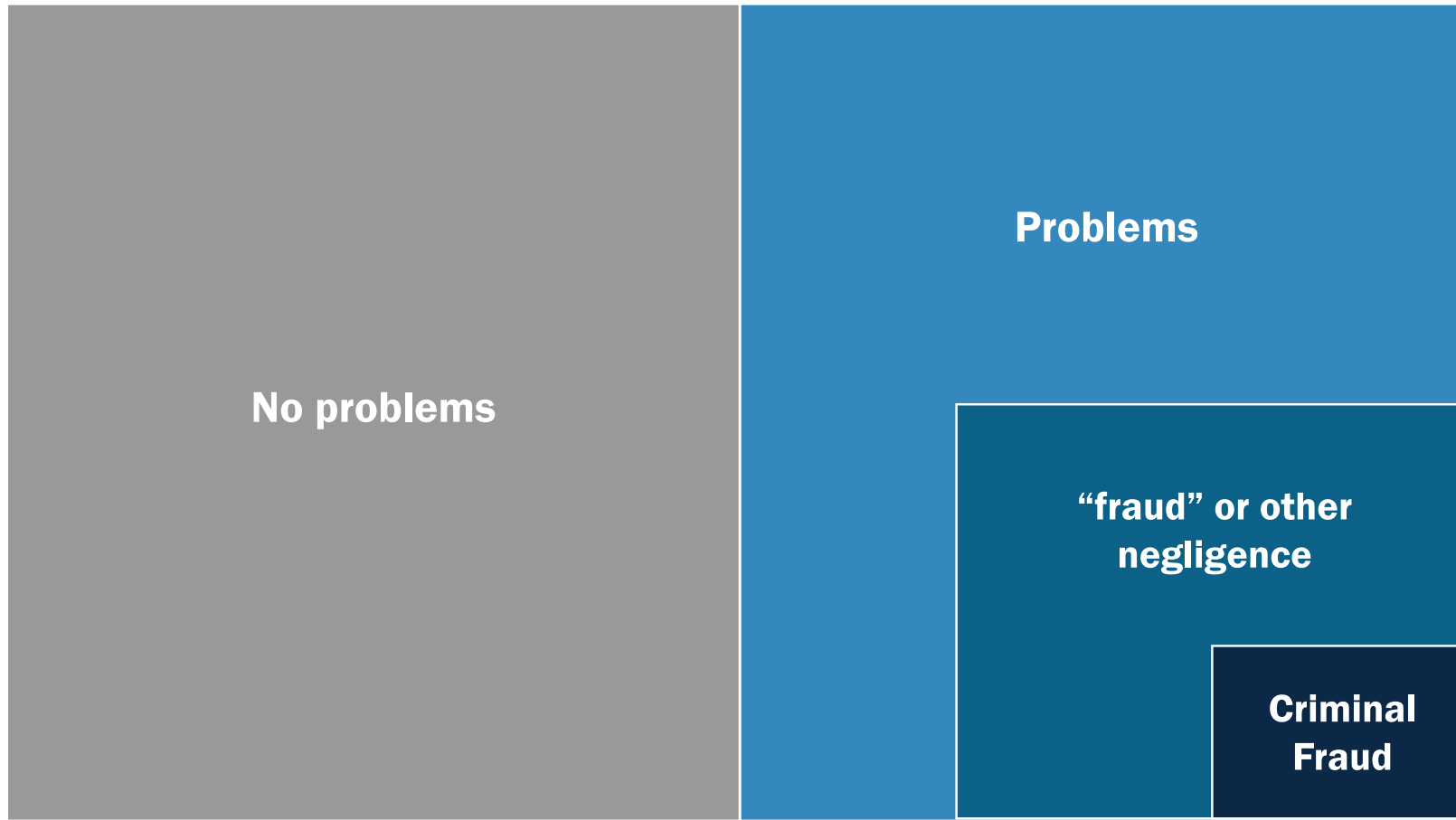


REALITY



No baby elephants were injured in the downloading of this clip.

What is Fraud?

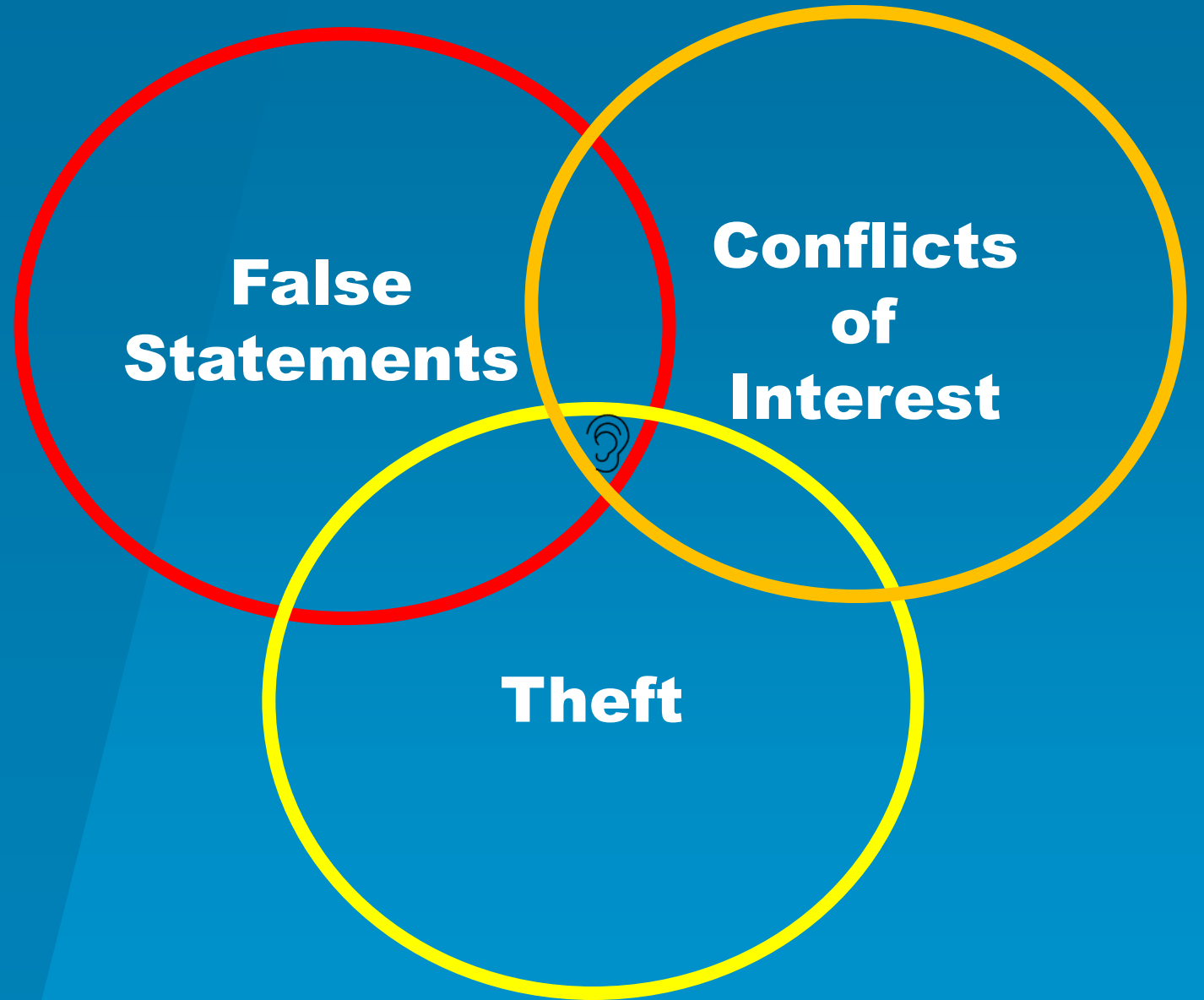


What is Grant Fraud?

Grantees can engage in deception at any stage in the grant process: from application, award, performance, and progress reports to claims for payment. They can also use funds improperly by engaging in a wide variety of corruption, accounting shenanigans, and theft schemes...

Lying
Cheating
Stealing

Grant Fraud Risks



Data Analytics



The future of fraud prevention and detection lies in leveraging all available information and exploiting it via automated analysis.

For example, predictive models can “score” grant applicants or ongoing awards for risk and help target interventions and oversight.

Some agencies and OIGs have built tools that are highly predictive of likely questioned costs and other compliance issues.

Data Literacy is a Core Skill

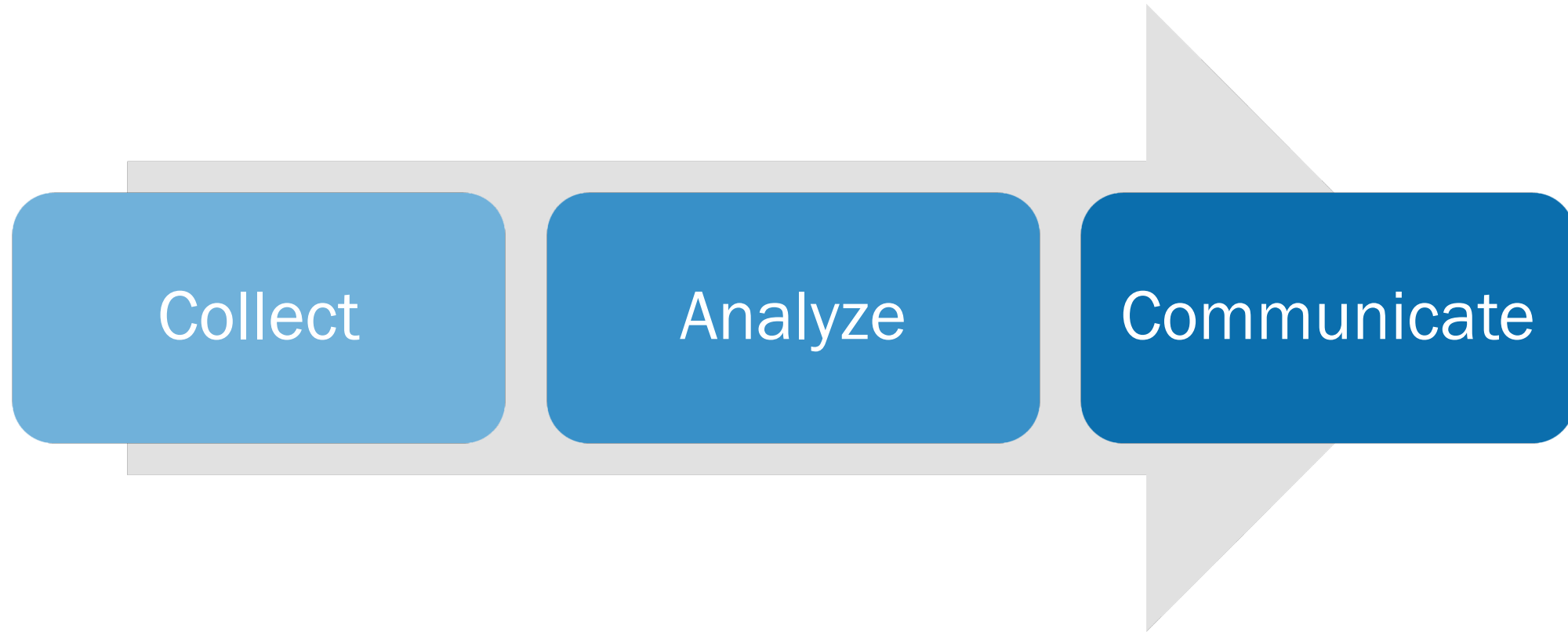


...the ability to explore, understand, and communicate with data in a meaningful way.
Can be technical or non-technical.

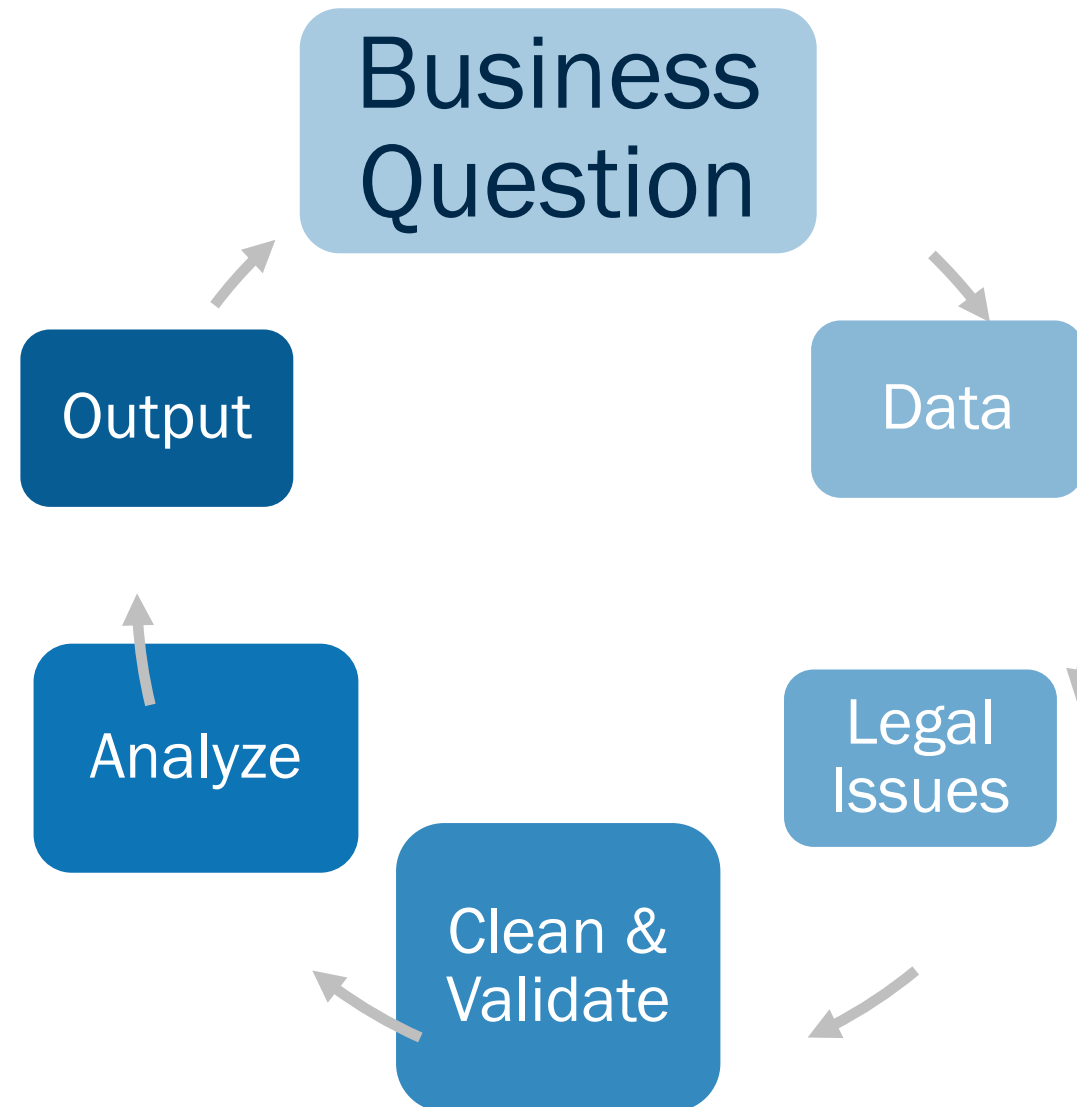
Data literacy helps people identify, understand, interpret, and act on data within a business context to influence business value or outcomes.



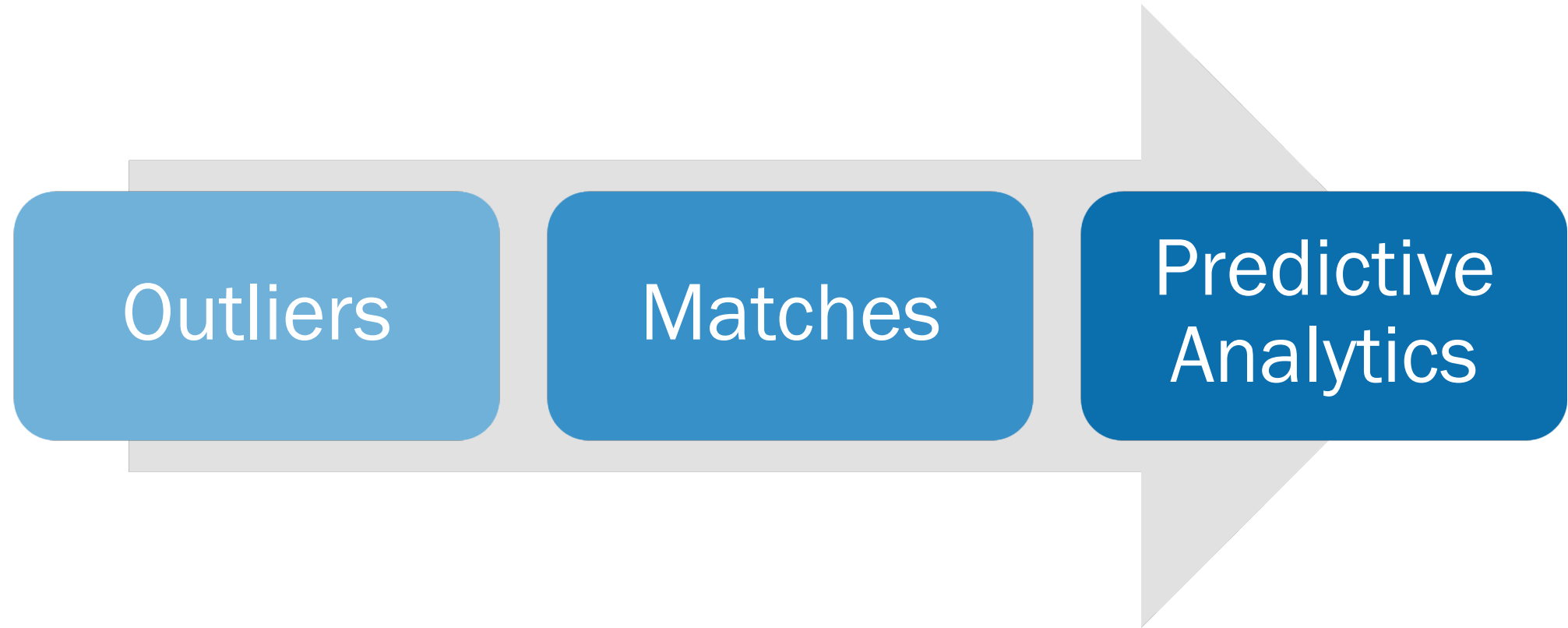
We are all “Information Brokers”



Process



One Way to Look at Big Data

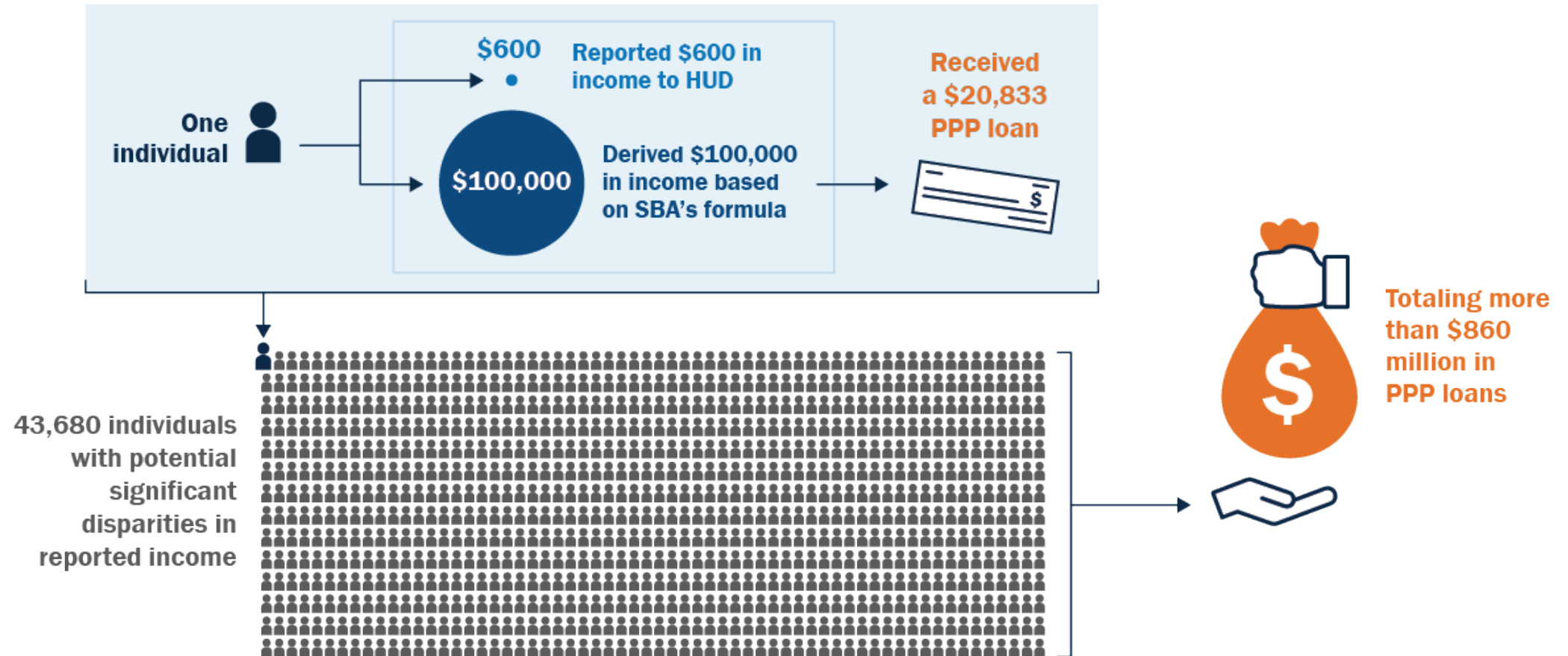


Bonus Outliers

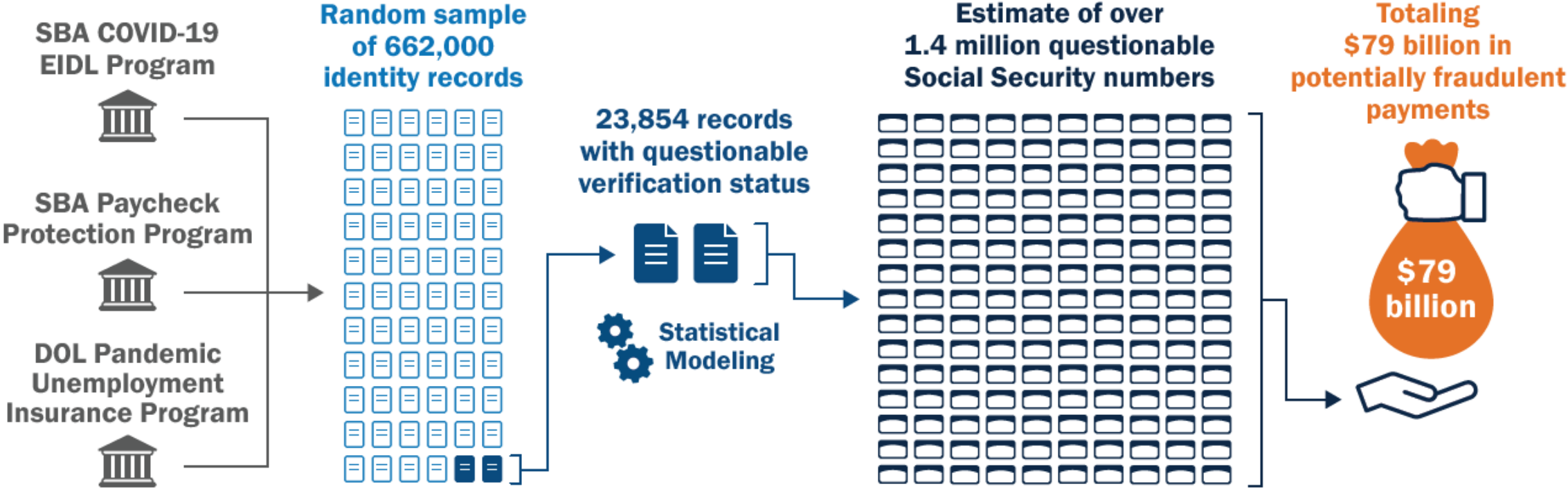


- Critical Skill Incentives (CSIs) are a VA recruitment and retention tool meant for an employee who “possesses a high-demand skill or skill that is at a shortage,” to help VA meet a projected increase in staffing requirements.
- In total, VA awarded \$10.8 million in CSIs to 182 senior executives (ranging from nearly \$39,000 to over \$100,000 each) in the Veterans Health Administration (VHA) and the Veterans Benefits Administration (VBA) at VA’s central office.
- In September 2023, VA announced it had erroneously awarded millions of dollars in CSI payments to senior executives at its central office. VA cancelled the payments, notified Congress, and requested the OIG review the matter.

HUD and SBA Income Misrepresentation



Estimating the Number of Potentially Stolen or Invalid SSNs



Pension Benefit Guarantee Corporation OIG Risk Model



- PBGC's Special Financial Assistance Program makes up to \$91B available for troubled multiemployer pension plans
- Prior to PRAC's involvement, PBGC-OIG had a manually intensive human process to gather and ingest necessary datasets, review applicants and annual filings, and identify and act upon potential risks.
- The PRAC/PBGC OIG risk model ingested 10 years of data and helped target limited oversight resources; 49 plans have repaid a total of \$209M to the Treasury

Data Literacy is a Core Skill




...the ability to explore, understand, and communicate with data in a meaningful way.
Can be technical or non-technical.

Data literacy helps people identify, understand, interpret, and act on data within a business context to influence business value or outcomes.



Tweet



Dr. Parik Patel, BA, CFA, ACCA Esq. 

@ParikPatelCFA

I am looking to hire people interested in making a million dollars a year. No, this is not a multilevel marketing scheme. We will be committing fraud.

7:19 AM · 1/17/23 · **769K** Views

Thank you

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Executive Director

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Reference Slides and Case Examples

What are the Unique Grant Fraud Risks?

- Volume and velocity of funding
- Under resourced / unqualified recipients
- Cumbersome bureaucratic requirements
- Many programs do not involve goods and service, but rather “effort”
- Lack of coordination across funding agencies
- Funding oversight is often not a priority
- Lack of transparency

Some of the Many Common Grant Terms and Conditions and Other Promises

- Use award funds as promised
- Have and maintain an adequate accounting system
- Comply with environmental laws
- Submit reimbursement / draw down claims for only allowable, allocable, and reasonable costs
- Comply with civil rights laws
- Disclose foreign influence and other current and pending support– address research security issues

Some of the Many Common Grant Terms and Conditions and Other Promises

- Have and follow a procurement process
- Follow the grantor agency financial and programmatic guides
- Have and maintain an adequate accounting system
- Abide by the Buy America Act and the Davis Bacon Act
- Accurately calculate and apply indirect cost rates
- Do not use funds for prohibited purposes (i.e. gun violence research, armored vehicles, land, etc.)

Some of the Many Common Grant Terms and Conditions and Other Promises

- Do not earn, collect, or keep “profit”
- Comply with the Single Audit Act
- Notify grantor of changes in key personnel
- Conduct and document background checks on employees and volunteers
- Properly award and monitor subawards
- Honor intellectual property rights

Some of the Many Common Grant Terms and Conditions and Other Promises

- Follow human and animal research protocols
- Obey research misconduct reporting obligations
- File financial and narrative progress reports as required
- Comply with “Never Contract with the Enemy” provisions
- Follow salary cap policies
- Have and enforce conflict of interest policies and disclosure requirements
- Comply with the Mandatory Disclosure Rule

2 CFR § 200.113

Mandatory Disclosures

“An applicant, recipient, or subrecipient of a Federal award must promptly disclose whenever, in connection with the Federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. 3729–3733). The disclosure must be made in writing to the Federal agency, the agency’s Office of Inspector General, and pass-through entity (if applicable). Recipients and subrecipients are also required to report matters related to recipient integrity and performance in accordance with Appendix XII of this part. Failure to make required disclosures can result in any of the remedies described in § 200.339. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)

Source: [5 CFR Part 200.113](#)

Hot Issues

1. Big data
2. Research security
3. Subrecipient monitoring
4. Collusive bidding
5. Duplication of benefits
6. Other Transaction Authority

What is Generally NOT Grant Fraud?

- “Unsuccessful” research or other programs
- Poorly run programs (the fault of the grantee and/or the grantor)
- Subjective “wasteful” or inefficient spending
- Immaterial falsities
- Bad decisions



Perhaps not “fraud”, but
still “problems”

Red Flags of Potential Grant Fraud

- Complaints or tips from other funding agencies, recipient employees, ex-employees, competing recipients, or others.
- Poor or nonexistent recipient internal controls.
- Evidence of undisclosed related party transactions.
- Illogical or unsupported use of consultants or other vendors.
- Anticompetitive practices by suppliers and other vendors.
- Recipients who are unresponsive to requests for supporting documentation or other information, or who appear to not be making expected programmatic progress.

Red Flags of Potential Grant Fraud

- Illogical draw down patterns.
- Significant findings in a Single Audit Act, OIG, or other audit report.
- Anomalies or other information related to the integrity of a recipient employee or recipient agency.
- High turnover of recipient programmatic or financial staff.
- Inconsistent or inaccurate financial reports or narrative progress reports or updates.
- Recipients that lack the capacity, knowledge, or background to properly manage funds or their programs.

Grant Fraud Prevention

1. Conduct risk assessments
2. Educate stakeholders
3. Read the award terms and conditions
4. Ensure proper design and testing of internal controls, especially related to:
 - Credit and gift cards
 - Procurement actions– focus on sole source actions and consultants
 - Payroll
 - Drawdowns and financial certifications

Time and Effort

The University of Florida paid a \$19.875 M. civil settlement related to an allegation that they overcharged hundreds of grants for the salary costs of its employees, where it did not have documentation to support the level of effort claimed on the grants for those employees. The government also contended that UF overcharged for administrative costs for equipment and supplies inflated costs related an affiliated entity.

(Source: [Press Release, U.S. Department of Justice, November 20, 2015](#))

Unapproved Indirect Rate

Mistral Security, Inc. (MSI) agreed to pay \$458,000 to settle allegations under the False Claims Act that it mischarged the government for unapproved overhead costs in connection with two government-funded grants.

The investigation found that from 2000 through 2007, MSI violated the terms and condition of their cooperative agreements when they submitted inflated cost claims.

Source: [Press Release, USAO District of Maryland, September 30, 2011](#)

Earmarks

U.S. Congressman Chaka Fattah earmarked grant dollars to an organization that he had established. He then directed that some of those funds be used to pay off campaign loan via a sham transaction with a vendor.

He was sentenced to 10 years in prison.

(Source: [Press Release, U.S. Department of Justice, December 12, 2016](#))

Sub Award Self Dealing

A Virginia elected state official directed a federal grant sub award to a university while also separately negotiating with the university for a job to run the newly created program.

He was sentenced to 114 months incarceration for bribery and extortion.

(Source: [Press Release, U.S. Attorney's Office, Eastern District of Virginia, August 12, 2011](#))

Inducement Fraud

Two individuals were each sentenced to over 13 years in prison related to a conspiracy to submit research grant proposals using the stolen identities of real people to create false endorsements. The subjects also lied about their facilities, costs, the principal investigator on some of the projects, and other matters. Several agencies, including DOE were victims.

(Source: [Press Release, U.S. Attorney's Office, Middle District of Florida, September 11, 2015](#))

Overlapping Funding

The University of California paid a \$499,700 civil settlement to resolve allegations that it **failed to disclose duplicative and overlapping funding** from NSF and DOE awards and submitted progress reports to DOE which outlined work accomplished using NSF funds, among other allegations.

(Source: [Press Release, U.S. Attorney's Office, Eastern District of California, December 11, 2014](#))

Sub Award Self Dealing / Corruption

An elected state official directed a federal grant sub award to a university while also separately negotiating with the university for a job to run the newly created program. He was sentenced to 114 months incarceration for bribery and extortion.

(Source: [Press Release, U.S. Attorney's Office, Eastern District of Virginia, August 12, 2011](#))

Theft

A former manager at an Illinois Community Action Agency stole over \$300,000 of DOE weatherization funding by submitting fraudulent invoices. The manager then diverted the funds for personal use. He was sentenced to 41 months imprisonment, ordered to pay \$431,828 in restitution, and was debarred for 3 years.

(Source: [DOE OIG Semiannual Report for period ending September 30, 2020](#) Page 31)

Organizational Self Dealing

Several individuals diverted federal grant funds intended for nonprofit public health services to for-profit entities controlled by the conspirators. One individual was sentenced to 18 years in prison and ordered to pay \$13.5 M. in restitution.

(Source: [Press Release, U.S. Attorney's Office, Northern District of Alabama, June 17, 2016](#))

Research Security

The Van Andel Research Institute paid a \$5.5 M. civil settlement to resolve allegations that in a December 2018 letter, they made certain factual representations to HHS with deliberate ignorance or reckless disregard for the truth regarding foreign influence matters.

(Source: [Press Release, U.S. Attorney's Office, Western District of Michigan, December 19, 2019](#))

Conflicts of Interest

A grantee paid a \$528,000 civil settlement related to allegations that it to failed to disclose conflicts of interest related to its contract with a vendor that were required to be disclosed under the grant program's rules. The nonprofit grantee turned over all the award funds and program responsibilities to a for-profit entity controlled by the executives at the nonprofit.

(Source: [Press Release, U.S. Attorney's Office, Eastern District of Kentucky, September 19, 2018](#))

Time and Effort

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(Source: [Press Release, U.S. Department of Justice, November 20, 2015](#))

Theft

A former Executive Director of a Community Action Agency embezzled at least \$50,000 in federal weatherization funds and spent them to make repairs and upgrades to a rental property she owned as well as to pay for credit card purchases. The former Executive Director also created false documentation purporting to represent two low-income housing properties and invoiced these repairs to the government.

(Source: [Press Release, U.S. Attorney's Office for the Southern District of Florida, January 17, 2020](#))

Theft

Tennessee State Senator Katrina Robinson served as the Director of The Healthcare Institute (THI), which received over \$2.2 million in HHS grants.

She allegedly stole over \$600,000 from THI by compensating herself in excess of what was allowed under the terms of the grant and by using funds for her own personal benefit and that of her immediate family, including a vehicle for her daughter; clothing, accessories, and hair and beauty products; expenses related to her wedding and honeymoon, and later, legal fees for her divorce; expenses related to a body aesthetics business she owned and a snow cone business operated by her children; and an event for her State Senate campaign.

(Source: [Press Release, U.S. Attorney's Office for the Western District of Tennessee, July 29, 2020](#))