Grant Fraud 101 and Data Analytics

September 16, 2025

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Executive Director
Pandemic Response Accountability Committee

What is the PRAC?

- March 2020 — the CARES Act created the Pandemic Response Accountability Committee to conduct independent oversight of the more than $5 trillion in pandemic relief.

- July 2025 — the PRAC was extended to 2034 and granted an expanded jurisdiction.

- Special emphasis on mitigating fraud risks that cut across program and agency boundaries.

- Supports a community of 14,000 oversight professionals.

how many federal OIGs

About 11,900,000 results (0.55 seconds)

Showing results for how many **feral PIGs**
Search instead for how many federal OIGs

6 million

Feral swine have been reported in at least 35 states. Their population is estimated at over 6 million and is rapidly expanding. Jan 28, 2020

www.aphis.usda.gov › aphis › feral-swine › sa-fs-history ▾

History of Feral Swine in the Americas - USDA APHIS

About Featured Snippets · Feedback

What are Grants?

- Grants and cooperative agreements are awarded for "public purposes" to help individuals in need, provide healthcare, school lunches, build bridges, conduct medical and other scientific research, improve energy efficiency, facilitate social programs to address juvenile delinquency, domestic violence, etc...

- 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.)

- Grants are essentially legal-binding promises (many, many promises) for a recipient to <u>try</u> to do something. The awarding agency agrees to reimburse allowable, allocable and reasonable costs.

The Key Issues

90+% of funds go to state and regional governments
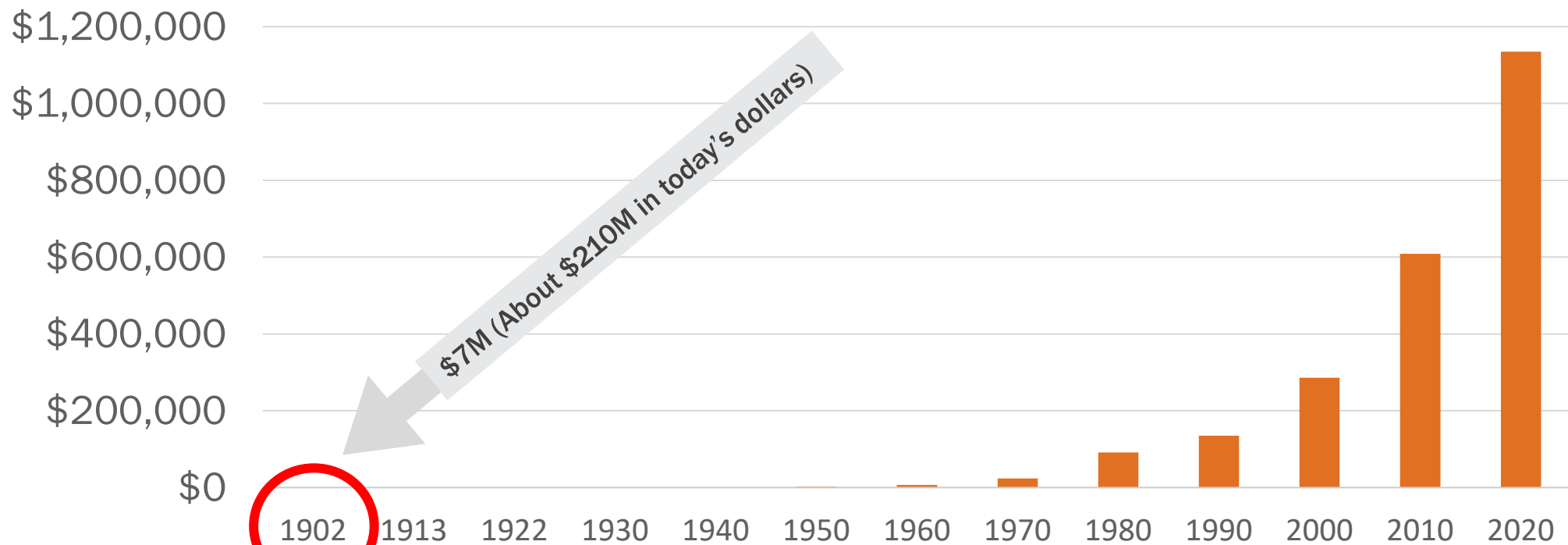
Evolving risks– no safeguard is foolproof

Integrity based system

Spending transparency and other data challenges

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

$7M (About $210M in today's dollars)

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

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/

...of which 1,783 are "project" grants and 263 are "formula" grants

Grants – FY25

$1.1T obligated via 345,756 awards

- $1T to state, local, territorial and tribal governments:
  - $667.3B Medicaid
  - $332.7B Non-Medicaid
- $32.6B Nonprofits
- $31.7B Higher Education
- $35.7B Other

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$332.7B Non-Medicaid

$1.1T total

$1T State, Local, Territorial and Tribal Governments

$667.3B Medicaid
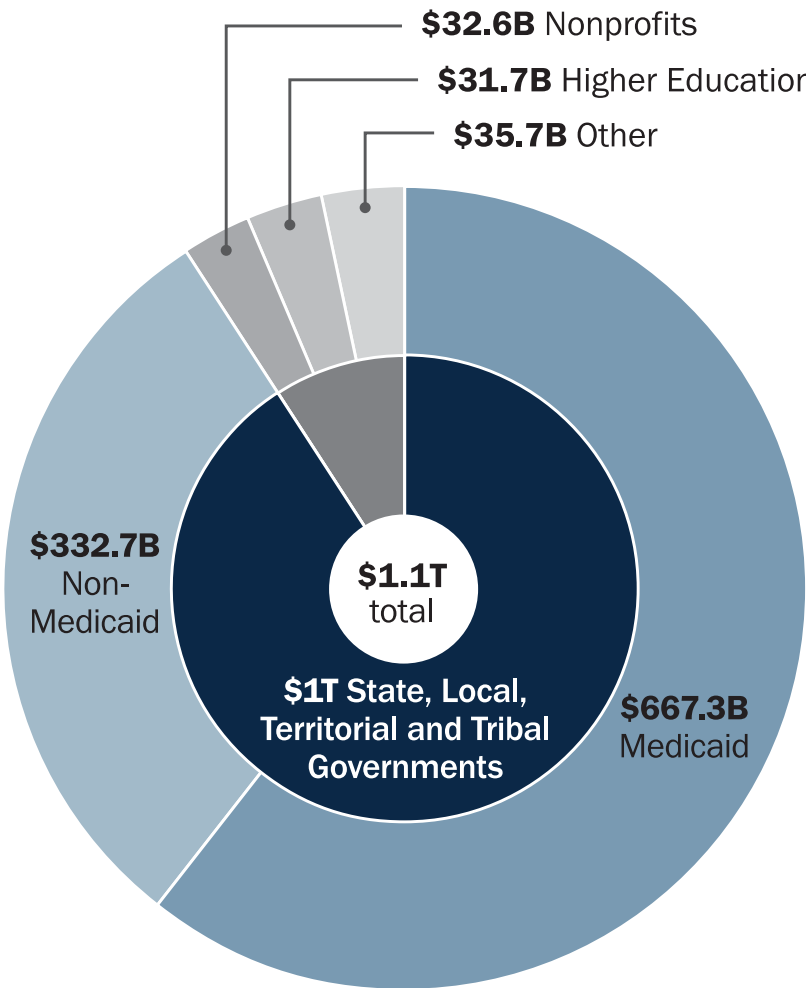
Sources: USAspending.gov as of August 22, 2025

Grants vs. Contracts
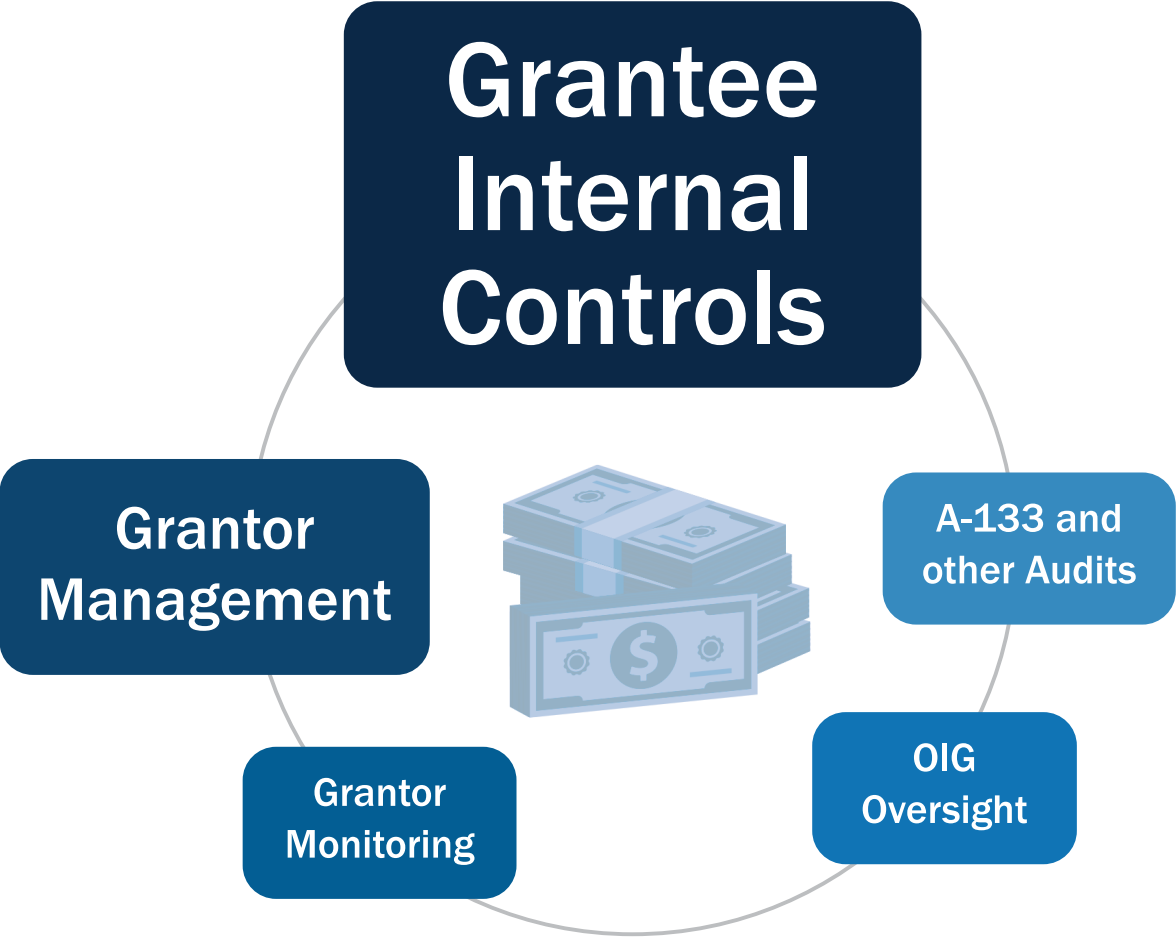
Grants:

- $1.1T Obligated
- 345,756 Awards

Contracts:

- $479B Obligated
- 4,009,427 Awards

$1.1T Obligated

4,009,427 Awards

$479B Obligated

345,756 Awards

Grants

Contracts
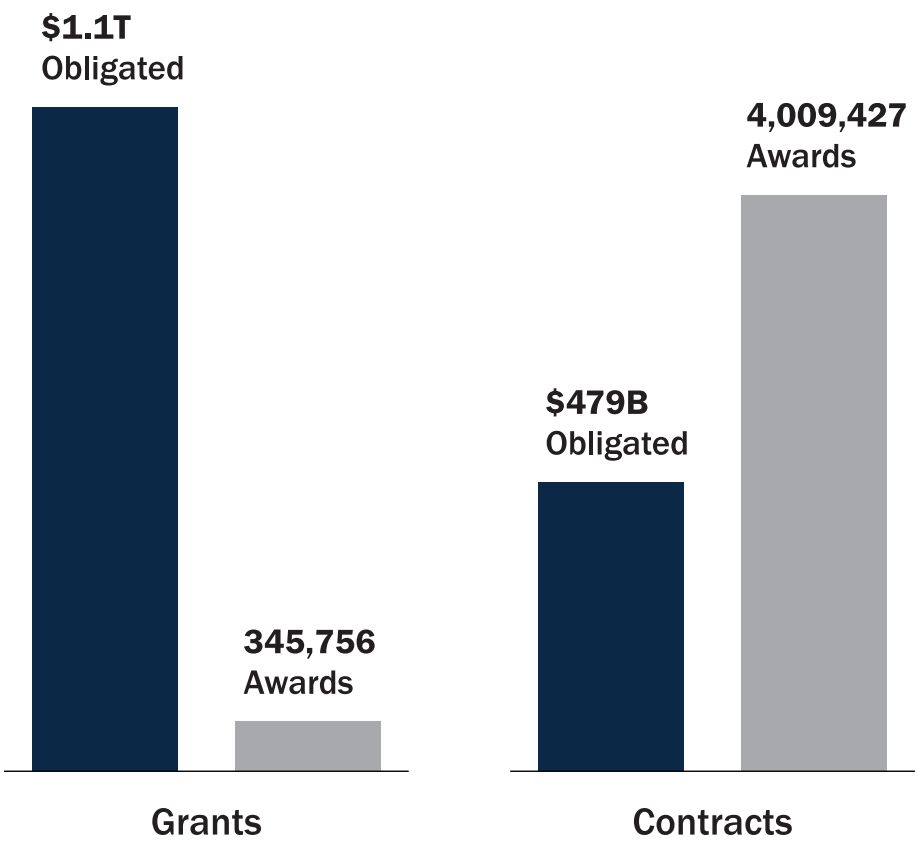
Sources: USAspending.gov as of August 22, 2025

Process Safeguards

Grantee Internal Controls

- Grantor Management
- A-133 and other Audits
- Grantor Monitoring
- OIG Oversight

Overview of the Federal Grant Process

Pre-Award

Solicitation
Application / Proposal
Budget
Certified Assurances
Eligibility Certification
Terms & Conditions

Post-Award

Formal Award
Grantee Performance
Financial Certifications
Claims for Reimbursement
Narrative Progress Reports
Grantor Monitoring / Audits

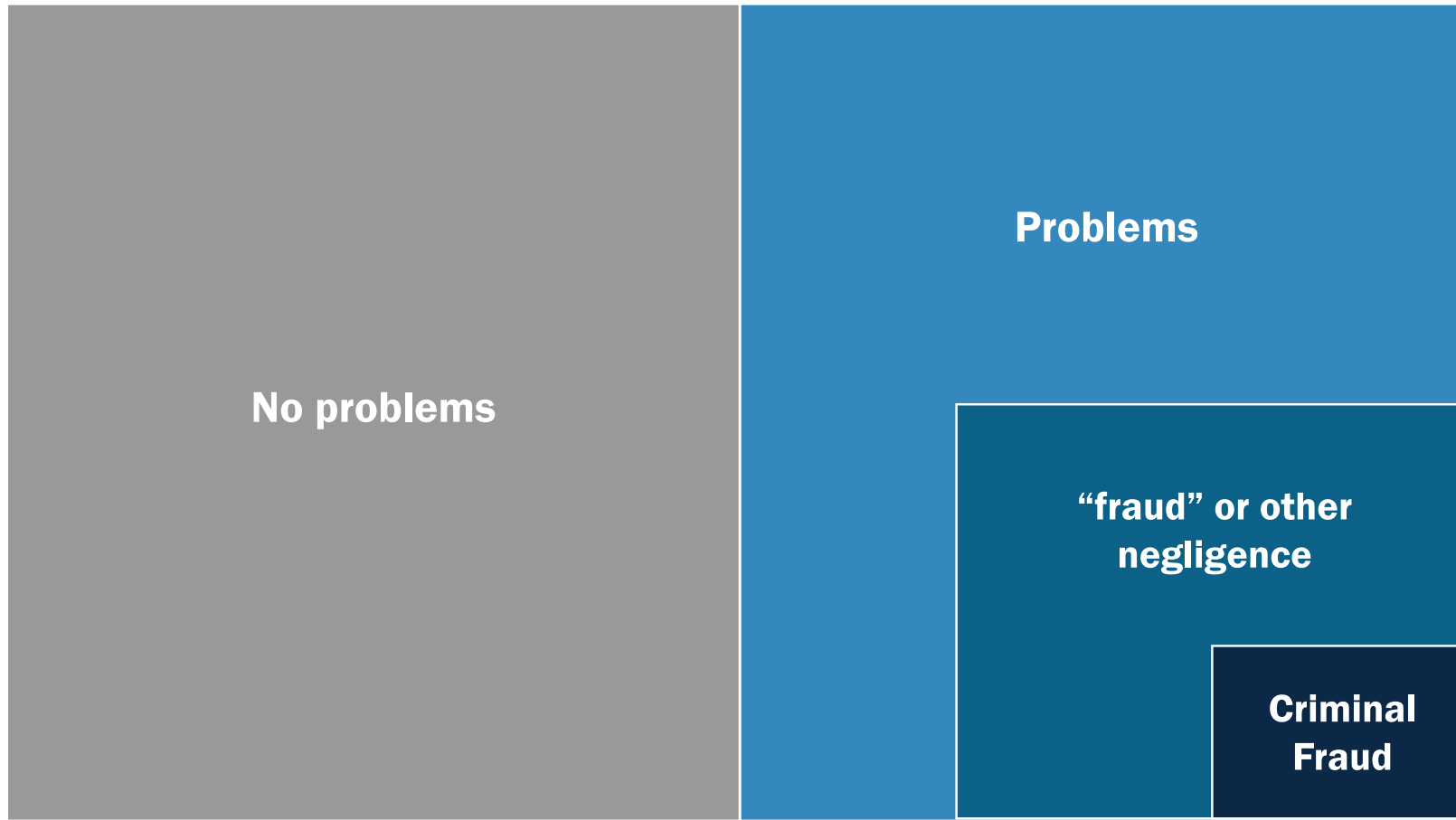# INTEGRITY BASED SYSTEM
Grantor Agency Policies
2 CFR Part 200

What is Fraud?

No problems

Problems

"fraud" or other negligence

Criminal 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

False Statements

Conflicts of Interest

Theft

Data Analytics

The future of fraud prevention and detection lies in the timely automated analysis of relevant information.

We can now "see, analyze, and compare every transaction in real-time".

Predictive models can "score" grant applicants or ongoing awards for risk and help target interventions and oversight.

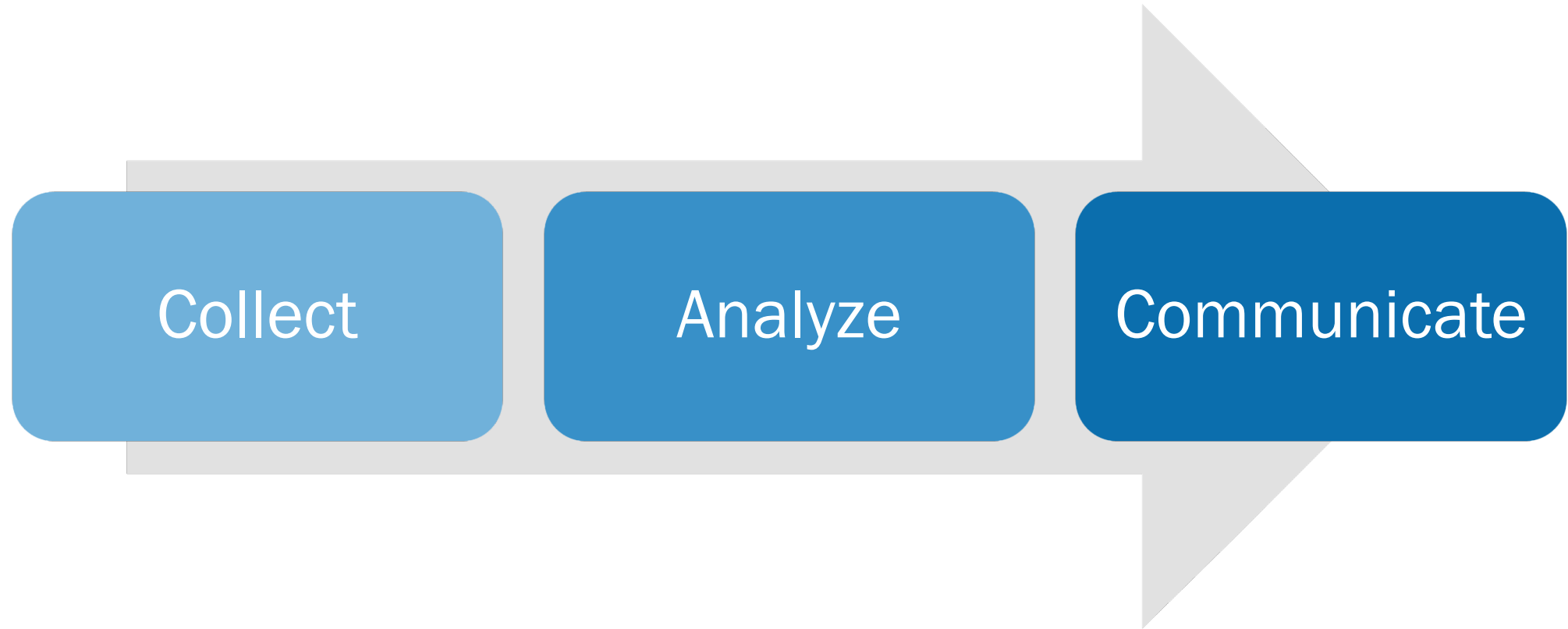# Data Literacy is a Core Skill

...the ability to explore, understand, and communicate with data in a meaningful way. Can be technical or non-technical.
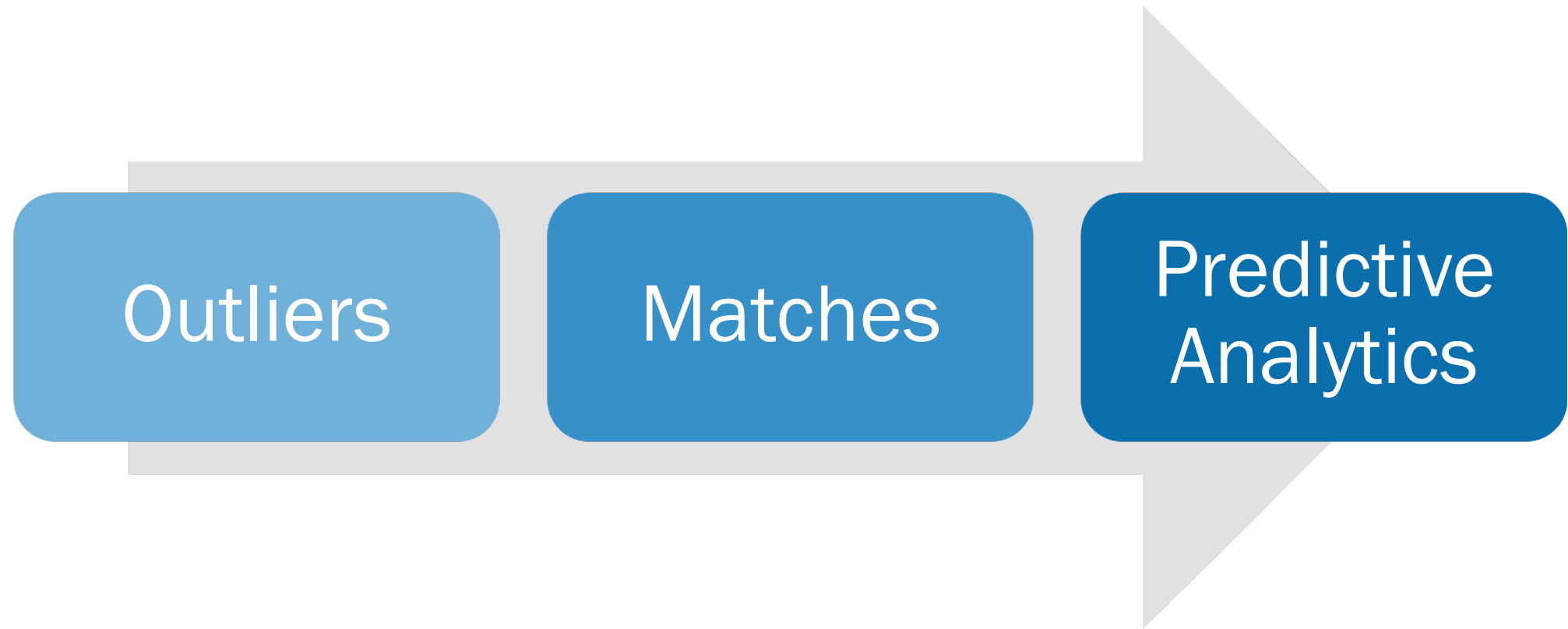
Data literacy helps people identify, understand, interpret, and act on data within a business context to influence business value or outcomes.

Employee Tears
@EmployeeTears

Everyone talks about how social media is bad for your mental health, but what about Excel?

11:28 AM · 4/11/22 · Twitter for iPhone

We are all "Information Brokers"

Collect → Analyze → Communicate

Three Ways to Look at Big Data

Outliers

Matches

Predictive Analytics

Cordele, Georgia PRAC Task Force Case Example

- City population is approximately 10,000 people, but 11,000 claims filed for unemployment

- $54M in total claims related to 35 fictitious employer accounts

- Most street addresses listed were invalid

- 46 other state workforce agencies allegedly targeted with similar false claims

- A multi-agency PRAC Task Force investigation led to 12 individuals being indicted

Matching Data Across Data Sets

The PRAC compares data across different data sets, including data related to different federal programs, to identify anomalies and patterns. Examples include:

- Social Security Numbers that do not match the legitimate owner's name and date of birth, or where the legitimate owner was deceased prior to disbursement

- Benefit payments associated with individuals under age 18 or over age 80

- Benefit payments associated with businesses that were not in operation before the program eligibility date

- Nonprofit IRS 990 filing data that is inconsistent with data in applications for benefit funding

- Suspect or known pandemic fraud schemes with similar identifiers used in applications to programs funded with non-pandemic funding such as the Small Business Innovation Research program

- The same Social Security Number used to obtain benefits from multiple federal programs

- Hidden connections across seemingly independent entities

Identifying Potential Fraud using Graph Analytics

Graph Analytics: Analytic solution that leverages the connections between data points to uncover hidden patterns and relationships

Benefits of Graph:
- Identify non-obvious relationships among entities
- Uncover difficult-to-detect patterns and anomalies
- Analyze complex relationships visually
- Significantly reduce manual effort analyzing data
- Identify and predict fraud and anomalies at scale using machine learning techniques
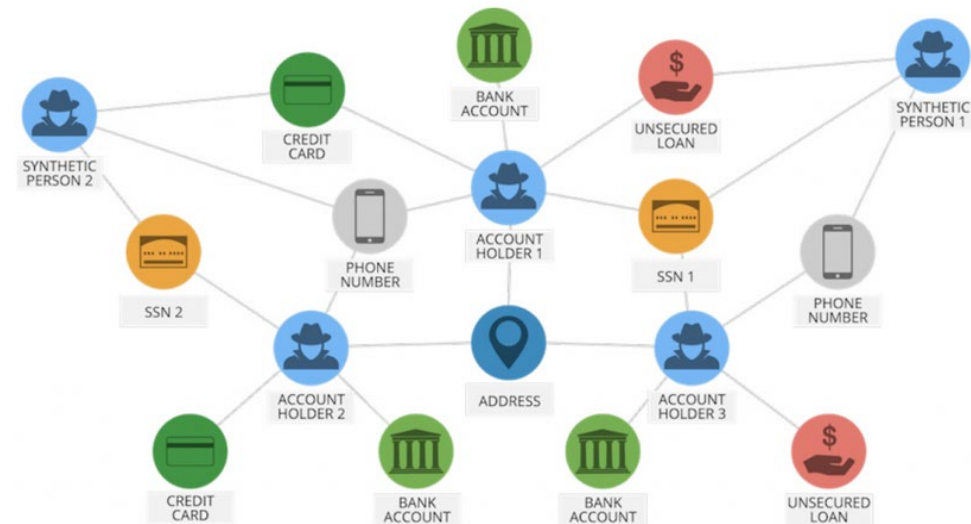
# Blueacorn FinTech Case Example

Identified Blueacorn, a loan processing fintech, as a central part of a broad conspiracy.

PRAC used its graph analytics tools, social network analysis, and our lender due diligence risk model, which identified a high volume of anomalous loans processed by Blueacorn, hidden connections among entities, and new witnesses.

Led to expansion of the investigation from 210 tax IDs to 1,596 and an increase in the estimated loss from $13.6M to $111.5M.

In June of 2025, one of the co-founders was found guilty of conspiracy charges in connection with thousands of fraudulent loan applications that netted nearly $300M in loans and fees.
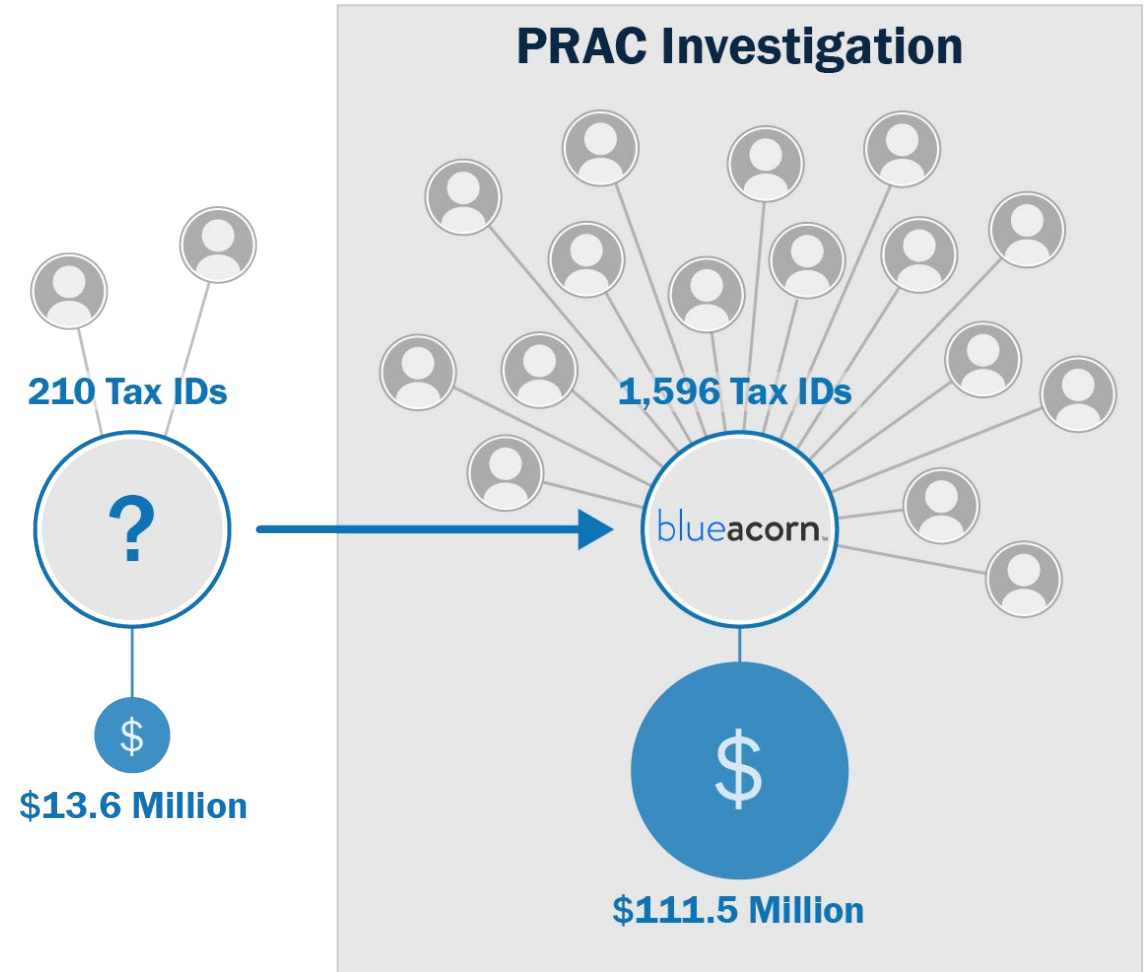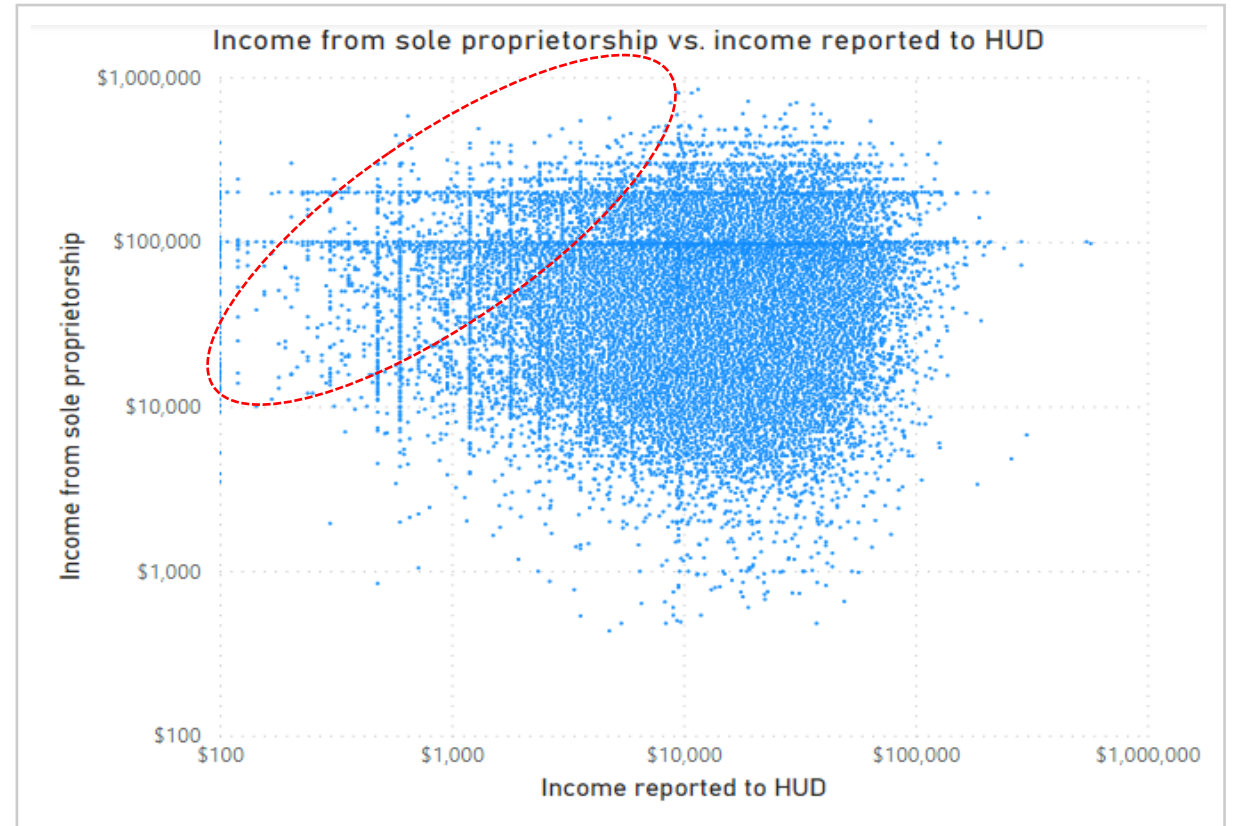
PRAC Investigation

210 Tax IDs

?

$13.6 Million

1,596 Tax IDs

blueacorn

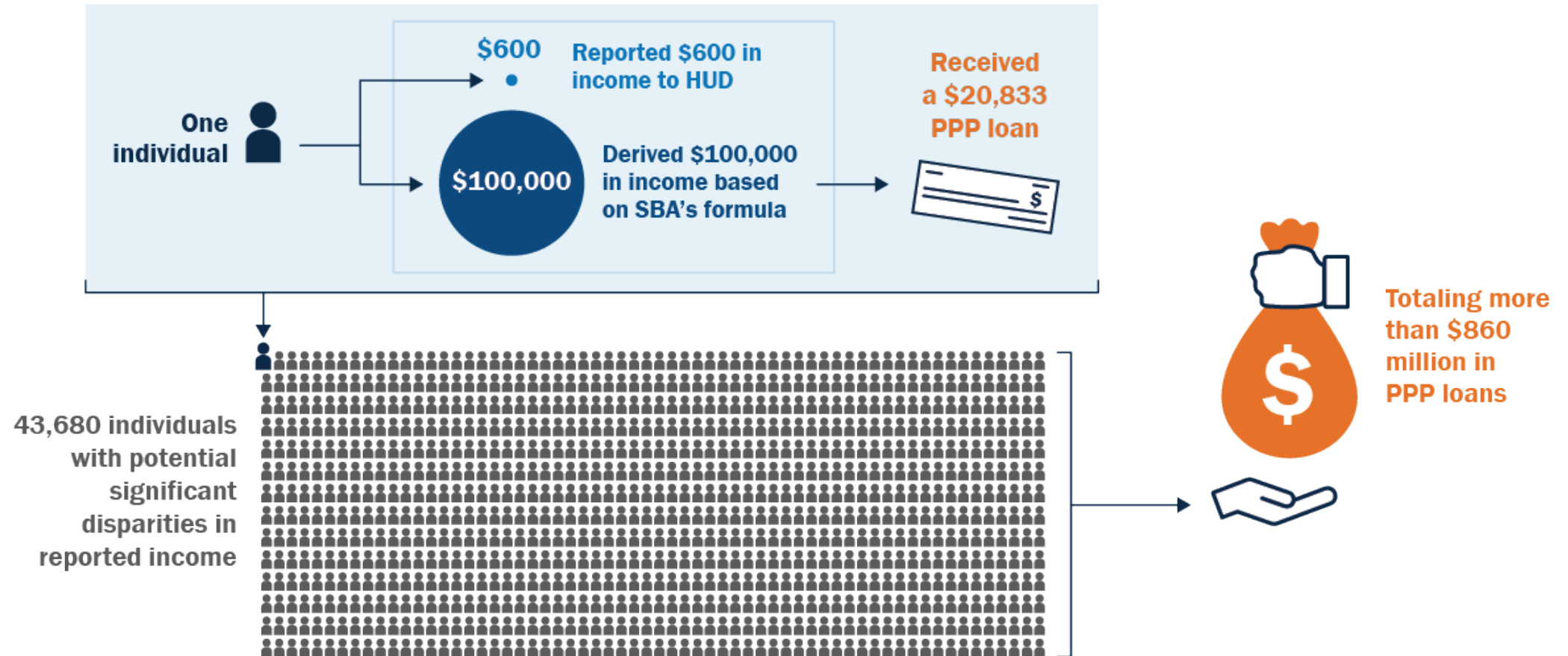$111.5 Million

HUD and SBA Income Misrepresentation

The PRAC issued a [Fraud Prevention Alert](#) based on analysis performed in partnership with HUD OIG that flagged incidents where the same personal identifiers were used to receive low-income housing benefits and small business assistance.

- Income reporting should be the same across programs; points in the red oval illustrate the greatest disparity.

- The more the reporting is divergent, there is likelihood of under-reporting to HUD for housing program eligibility, and/or over-reporting to SBA to qualify for higher loans.

Income from sole proprietorship vs. income reported to HUD

HUD and SBA Income Misrepresentation

One individual

$600 — Reported $600 in income to HUD

$100,000 — Derived $100,000 in income based on SBA's formula

Received a $20,833 PPP loan

43,680 individuals with potential significant disparities in reported income

Totaling more than $860 million in PPP loans
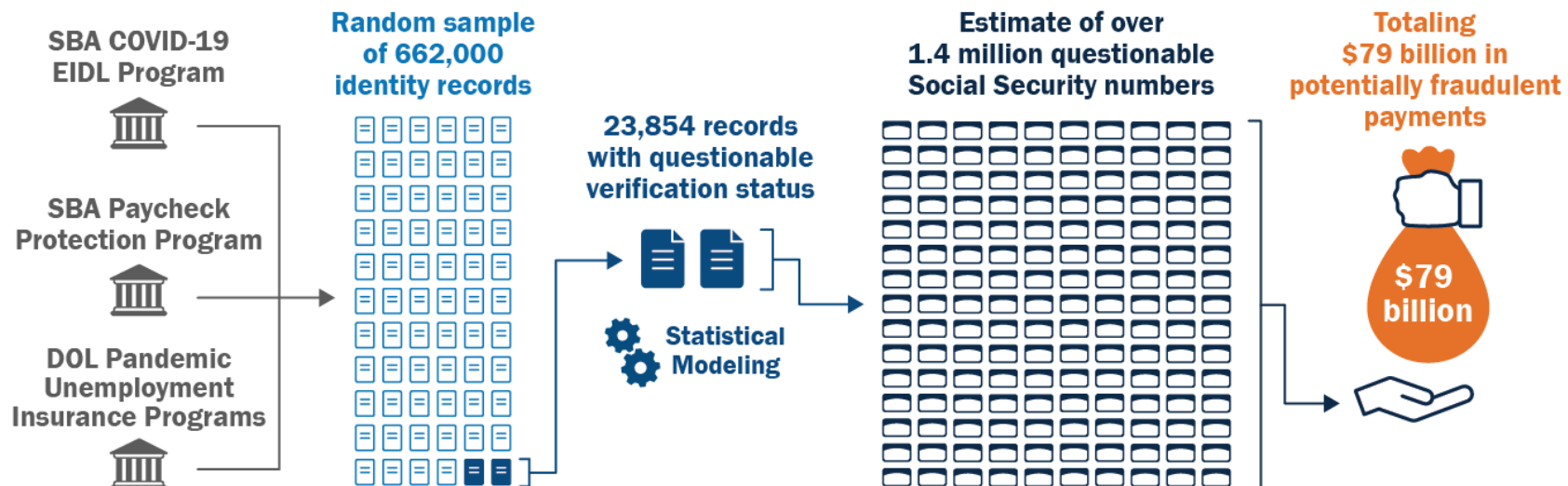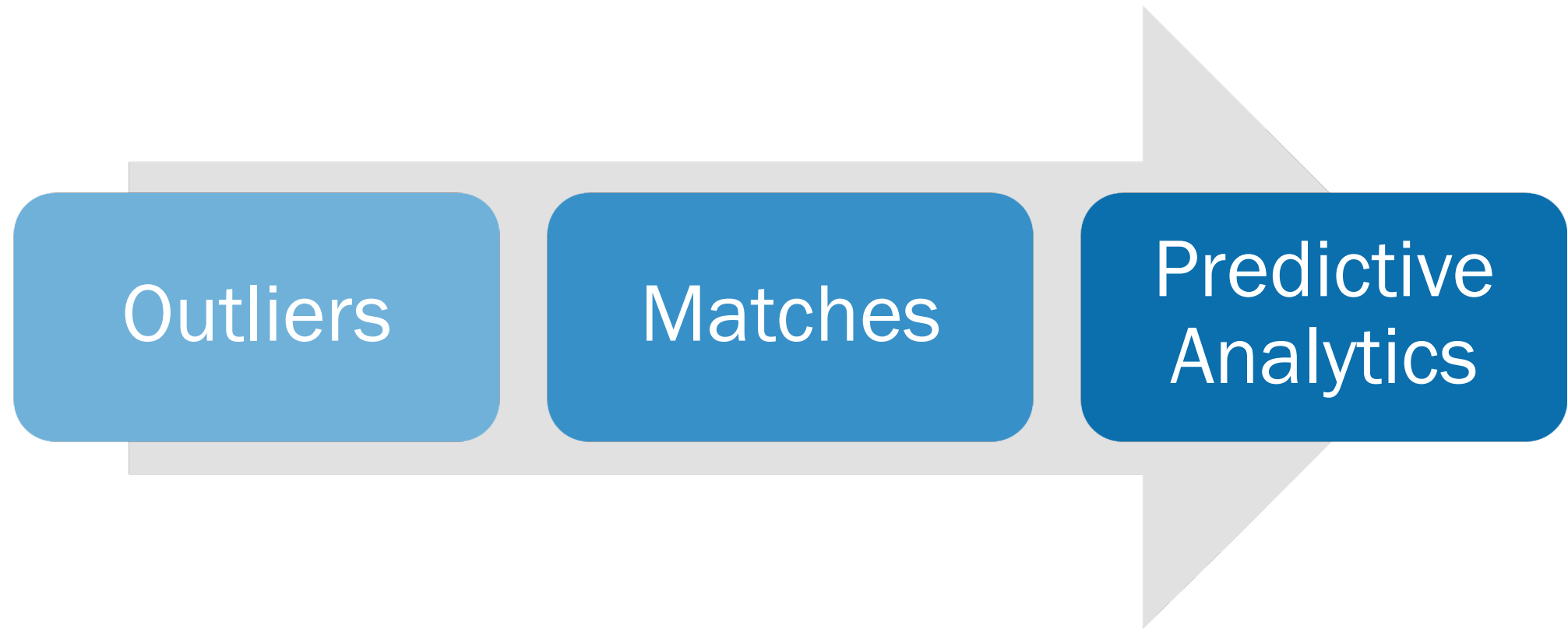
Fraud Prevention Alert – Estimating Potentially Fraudulent Pandemic Relief Payments Using SSN Verification Results

- The PRAC conducted an in-depth analysis to determine how pre-award vetting using the PRAC's data analytics tools could have mitigated risks stemming from the use of potentially stolen or invalid Social Security numbers.

- The PRAC requested that SSA verify the validity of randomly sampled identity records across major pandemic benefit programs. We asked the SSA to verify these SSNs (e.g., is the SSN valid, does the name associated with the SSN match SSA's records). Our data scientists then applied statistical modeling to estimate the total payment amount at risk and potentially stolen or invalid SSN count.

- We estimated that these pandemic programs disbursed approximately **$79 billion** in potential fraudulent payments due to the use of over **1.4 million potentially stolen or invalid SSNs.**

SBA COVID-19 EIDL Program

SBA Paycheck Protection Program

DOL Pandemic Unemployment Insurance Programs

Random sample of 662,000 identity records

23,854 records with questionable verification status

Statistical Modeling

Estimate of over 1.4 million questionable Social Security numbers

Totaling $79 billion in potentially fraudulent payments

$79 billion

Three Ways to Look at Big Data

Outliers

Matches

Predictive Analytics

Pension Benefit Guarantee Corporation OIG Risk Model

- PBGC's Special Financial Assistance Program makes up to $91B available for troubled multiemployer pension plans

- PBGC OIG and the PRAC built a risk model to transform a manually intensive human process to gather and ingest 10 years of data, review applicants and annual filings, and identify potential risks.

- The model helped target limited oversight resources and to date has led to 55 plans repaying a total of $229M via administrative or civil processes.

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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

Vision

U.S. Department of Labor — Office of Inspector General, Washington, D.C. 20210

February 22, 2021

MEMORANDUM FOR: SUZAN G. LEVINE
Principal Deputy Assistant Secretary for Employment and Training

FROM: CAROLYN R. HANTZ
Assistant Inspector General for Audit

SUBJECT: **Alert Memorandum:** The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High Risk Areas
Report Number: 19-21-002-03-315

The purpose of this memorandum is to alert you to a concern the Office of Inspector General (OIG) identified during our ongoing audit of the Department of Labor's (DOL) response to the Unemployment Insurance (UI) Program's expansion under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The information provided herein was developed in collaboration with the OIG's Office of Investigations. We identified more than $5.4 billion[1] of potentially fraudulent UI benefits paid to individuals with social security numbers filed in multiple states, to individuals with social security numbers of deceased persons and federal inmates, and to individuals with social security numbers used to file for UI claims with suspicious email accounts. The Department needs to take immediate action and increase its efforts to ensure SWAs implement effective controls to mitigate fraud in these high risk areas.

This alert memo only captures a subset of the potential fraudulent UI activities from March 2020 through October 2020, and is the result of our comprehensive data analysis

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[1] The $5.4 billion covers the period March 2020 through October 2020. To prevent double counting, over $313 million in UI claims filed using two or more of the methods noted in this report were counted only once.

https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf

"From March 2020 to October 2020, 226,829 SSNs were used in two or more states to receive $3.5B in unemployment insurance benefits.

In one instance, one SSN was used to file claims in 40 states and received a total of $222,532 in benefits from 29 states."

"Do what you can,
with what you have,
with where you are."

Thank you

Ken Dieffenbach, CFE, CCEP

Executive Director