

Preventing Waste, Fraud, and Abuse

BEAD subgrantees play a crucial role in preventing waste, fraud, and abuse in federally-funded projects. Watching for red flags and using best practices for prevention are essential.

RED FLAGS

These actions and behaviors may signal opportunity or motivation for fraud:

- Key personnel have been reassigned or terminated
- Refusing access to records
- Missing records
- Altered documents
- Product substitution
- Competitors having the same pricing for line items
- Consistently high bids
- Materials specified in contract exceed amount required for job
- Better pricing available on the open market
- Financial difficulties or layoffs
- High rate of product failures
- Unusually close associations with vendors
- Excessive control issues or unwillingness to share duties
- Charges for services not rendered
- Inadequate financial control processes

PREVENTION



ORGANIZATIONAL COMMITMENT OF INTEGRITY

Establish a code of conduct, provide annual training for employees, and designate someone to oversee fraud risk management.



REGULAR RISK ASSESSMENTS

Identify risk opportunities, determine risk tolerance, and document the likelihood and impact of identified risks.



IMPLEMENT CONTROL ACTIVITIES

Focus on prevention, require employees and management to attend regular fraud training, and establish fraud reporting channels.



MONITOR

Use ongoing evaluations to adapt and improve controls.

Report Waste, Fraud, and Abuse

UDOT Internal Audit Division: <https://connect.udot.utah.gov/about-us/internal-audit/>

Dept. of Commerce OIG: <https://www.oig.doc.gov/doc-oig-hotline-intro/>