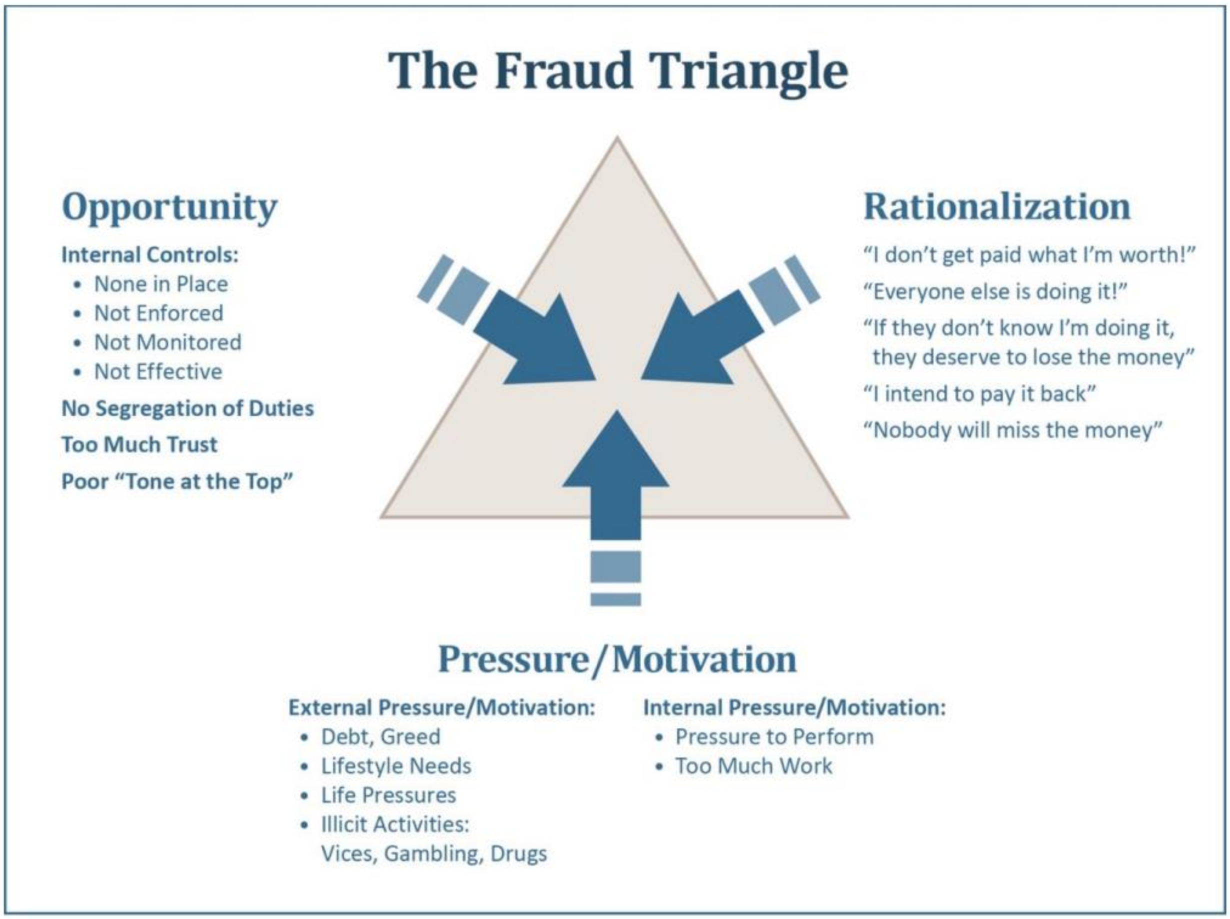
To fight fraud, grantees must not only realize that it occurs, but also how and why it occurs. There are three elements, or fraud risk factors, of the “Fraud Triangle” [2]: Opportunity, Pressure (also known as incentive or motivation), and Rationalization (sometimes called justification or attitude). While fraud risk may be greatest when all three risk factors are present, one or more of these factors may indicate a fraud risk. The diagram below provides examples for each of the fraud risk factors. Other information provided by internal and external parties can also be used to identify fraud risks. This may include allegations of fraud or suspected fraud reported by the office of the inspector general or internal auditors, personnel, or external parties that interact with the grantee.



2- Donald R. Cressey, a well-known criminologist, developed the Fraud Triangle. Cressey’s hypothesis was: "Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-sharable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property."

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