WHAT IS GRANT MISUSE?
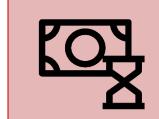
Grant fraud occurs when grant recipients attempt to deceive the awarding agency about their spending of grant money. Grant recipients are awarded funds to carry out specific goals and objectives and must ensure that funds are spent as intended. An organization that misuses their grants may be disqualified from receiving future funding and may face civil lawsuits and criminal prosecution, even if just one of the organization's employees was involved. Grant misuse deprives intended beneficiaries of vital goods and services and, in some cases, can constitute an illegal act.

GRANT MISUSE RED FLAGS

Knowledge of "red flags" can help detect and stop the misuse of grant funds. By sharing your concerns about grant misuse with the Whistleblower Program, you can help to ensure that grant funds are used only for their intended purposes. Common red flags associated with grant fraud include:

• Unusually quick draw-down of grant funds although grant objectives are still unmet	• Purchasing goods or services or hiring someone from a related party, like a family member or a business associated with an employee of a grantee	• Payments for personal expenditures or purchases of supplies that are not used or go missing	• Charging staff time worked on non-grant projects to the grant • Charging unapproved staff costs to the grant

PREVENTING GRANT MISUSE SCHEMES

An effective program designed to prevent and detect grant fraud typically includes people, process, and technology controls, and continuous monitoring and follow-up strategies. The Whistleblower Program recommends that all grant-receiving organizations should:

- Educate employees about the risks and red flags of grant misuse and instruct them to contact the Whistleblower Program to report suspected grant misuse.

- Establish an effective system of internal controls and documentation for procurement or staff costs being charged to grant funds. This includes prompt review of invoices and timesheets to ensure that purchases and staff time are within each grant's scope and further each grant's objectives.