

# GRANT ABUSE

## Prevention, Detection & Reporting

Grant funds are typically awarded for a specific purpose and grantees must use those funds as agreed to and within certain parameters. Most issues of grant fraud essentially relate to **dishonesty**, **cheating**, and **stealing**. Indicators of fraud, waste and misuse of grants are rarely simple, however, there are several common areas to be mindful of.

### Conflicts of Interest

Grantees are required to use funds in the best interest of their program.

Decisions about the use of funds must be free of undisclosed personal or organizational conflicts, both in appearance and fact.



### Embezzlement

People that steal funds can cause lasting damage to an organization and remain undetected for extended periods of time. Often those abusers operate from positions of trust or authority where their decisions may not be questioned. They may also have overlapping duties that allow them to make decisions and provide access.

### Improper Documentation

Grantees must act with integrity when reporting and tracking their use of funds. Examples:

- Failing to track transactions: personnel costs, contracts, subcontracts, indirect cost rates, matching funds, program income, or other sources of revenue.
- Misrepresenting eligibility for funding in application, progress/financial status reports.

### Exceeding Spending Authority

A grant agreement is essentially a legally binding contract and grantees are obligated to use their grant funds as outlined in the agreement for specific purposes and not unilaterally redirect the funds in a different manner.

