A grant is, in effect, a contract. Grant misuse is when grant recipients attempt to deceive the awarding agency about their spending of grant money.

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.

**QUICK DRAWDOWN OF FUNDS**
Grant agreements typically state when and where funds can be allocated and often require that funds be drawn down in phases. Look out for unusually quick drawdown of grant funds, especially if grant objectives have not been met.

**UNETHICAL SPENDING**
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, are common examples of unethical spending.

**QUESTIONABLE PAYMENTS**
Regularly review records of personal expenditures and look out for purchases of supplies that are not used or go missing.

**CHARGING AND CODING OF STAFF TIME**
Unethical behaviors include charging staff time worked on non-grant projects to the grant, and charging unapproved staff costs to the grant.

**TIPS FOR PREVENTING GRANT MISUSE**
- Establish a system of internal controls and documentation for procurement or staff costs being charged to grant funds.
- Promptly review invoices and timesheets to ensure that purchases and staff time further each grant’s objectives and are within each grant’s scope.
- Educate employees about the risks and red flags of grant misuse.

Visit www.sfgov.org/whistleblower to see how to file a report.