"Red Flags" found during Monitoring

Misuse of Grants Funds	Embezzlement
• Using Federal funds for non-grant expenditures • Insufficient working capital • High debt • Difficulty in collection receivables • Consistently late financial reports • Payments to creditor/vendors slow or late • Operating in a crisis mode • Making expenditures without grant approval, I.e., budgeted • Charging non-approved staff salary to grant • Close association with suppliers • Payments to family members • Payments for personal expenditures • Grant funds drawn down in excess of actual needs • Grant funds drawn down well before end of year	• Unusually high personal debts • Living beyond one's means • Alcohol/drug/gambling problems • Not allowing access to the records • Not taking vacation or time off • Vendor complaints are slow or no payments • Lack of documentation for payment of invoices • Double payments • Ghost employees • Payments to family members • Subject to civil judgments (debt collections/bankruptcy • Boilerplate reports/receipts • Lack of oversight/controls, i.e., trust employee • Checks being made out to cash

False Statements
(enable other offenses)

Grant Application	**Financial Reports**
• Falsely claiming 501(c)(3) status • Key staff positions • Fiscal requirements/match • Unclear goals and objectives	• Consistently late reports • Lack of documentation • Failed to meet grant match • Boilerplate reports • No signature • Numerous versions/submissions
Program/Progress Reports	
• Consistently late reports • Numerous versions/submissions • Undefined goals and objectives	

Theft

Property	**Funds**
• No inventory controls • Supplies missing for no reason • Purchasing item not used by organization	• Lack of controls on petty cash (no receipts for expenditures) • Checks being made out to cash • Payments for personal expenditures

Timesheet Fraud	
• Lack of oversight/controls	• Hours claimed don't match service performed
• Allowing volunteer/members to hand carry timesheets	• Holiday/weekend hours recorded when site is closed
• Alteration and obliterations (whiteout/eraser marks)	• Approval signatures by unauthorized individuals
• Incomplete sheets (blank blocks)	
• None or missing signatures	• No sub-site oversight/verification
• Copies appear to have been made at one-time	• Claiming prohibited/unallowable service
	• Excess training/administrative hours
Grantee Staff	
• Charged 100% of time to grant, but also working on non-grant projects	

Childcare	
• Receiving childcare subsidies from another source	
	• Payments mailed to member's address
• Unauthorized provider (varies by state)	• Children not living with member
• Claiming childcare for time not performing service	• Brings children to service site
	• Member not serving full-time

Education Awards	
Certification	**Use by Member**
• Reason for payment not marked on voucher	• Bookstore merchandise (return/resale)
• Blank or unreadable information	• Enrolling for courses then dropping (refund)
• Requesting payment to an unauthorized source	• Directing payments to unauthorized source, i.e., car/home payments

Volunteers	**VISTA Non-Attendants**
• Not receiving authorized reimbursements	• Member absent from site for no explained reason
	• Member holding employment

Things to Know:
- Interviewing staff and members can tell the real story.

Questions to Ask:
- How involved is the Board of Directors?
- Is there real oversight?