



MONITOR FOR:

1. **Insufficient Documentation**
2. **Unauthorized Payments**
3. **Financial and Program Reporting Falsification**
4. **Misappropriation of Funds**
5. **Unallowable Costs/Fictitious Employees**
6. **Unallowable Labor Costs/Grant Application Misrepresentation**
7. **Conflicts of Interest/ Non-compliance with Grant Regulations**



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EXAMPLES OF CONCEALMENT BEHAVIORS INCLUDE:

- **Missing documents; documents are copies when they should be originals; documents written over; documents are altered**
- **Falsified signatures or incorrect/unauthorized signature**
- **Excessive journal entries; shifting costs from account to account or program to program records inaccurate/incomplete, not updated/reconciled**
- **Transfers to or from a holding or suspension account; use of several different banks/accounts; excessive and/or large cash transactions; fictitious accounts/employees/transactions/charges; duplicate/out-of-sequence invoices;**
- **Non-payroll checks written to employee; unendorsed/questionably endorsed payroll checks**
- **Submitting blank time cards or filling time cards out in advance; reclassifying employees/salaries from indirect cost to direct cost; inaccurate/incomplete Principal Investigator (PI) or other key personnel description and credentials**
- **Relying on one vendor/source without adequate explanation or review; unexplained price increases or failure to cut costs as planned/instructed; defining project needs in manner that only one source can meet**



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MONITORING PLAN INCLUDES:

Insufficient Documentation

- Requiring original receipts for reimbursements
- Periodic review that sufficient supporting documentation is included with financial and program transactions
- Lost receipt procedures that include higher levels of review
- Training for accounting personnel regarding the chain of review for documents that appear altered

Unauthorized Payments

Signatory authorization policy and procedures to monitor:

- Who is authorized to sign
- What types of spending they can authorize
- How much spending they can authorize

Financial and Program Reporting Falsification

- Segregating the ability to enter journal entries from the ability to approve and release journal entries
- Authorization process for shifting costs between accounts or programs.
- Periodic review of accounts and program records by someone other than the person maintaining the accounts/records

Misappropriation of Funds

- Periodic review of all accounts by personnel other than those maintaining the accounts
- Monitoring of bank accounts by personnel other than those authorized to transfer funds
- Segregation of data creation, such as account/vendor/employee set up from the ability to create or authorize invoices, purchase orders, timecards etc.



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MONITORING PLAN INCLUDES:

Unallowable Costs/Fictitious Employees

- Separation of non-payroll checks for employees for additional review of supporting documentation and compliance with organizational policies
- Periodic monitoring of payroll check endorsements to ensure employee name matches endorsement
- Review of active employee list by non-Payroll department managers looking for fictitious employees

Unallowable Labor Costs/Grant Application Misrepresentation

- Written procedures for labor reporting and authorization of labor charges
- Periodic training for employees and their managers about the requirements for tracking labor on Federal grants
- Grant management training on proper classification of direct and indirect employees
- Review of key personnel description and credentials by Human Resource department

Conflicts of Interest/ Non-compliance with Grant Regulations

- Written procurement procedures including sole-source justification process
- Multi-level review of sole-sourced procurements
- Cost/price analysis for all procurement transactions