NCURA Recap

Post-Award Red Flags

Carrie Chesbro and Val Whelan

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Background: Why is this our focus?

- OMNI “Super Circular” will place burden on institutions to have strong internal controls.
  - Internal controls have always been a focus of audits
  - UO procedures and policies will need to be revised and reexamined.
- NSF is running data analytics which will make it easier for the OIG’s office to “check on” more institutions
  - The analytics use institutional ledgers and run a computer program to analyze the numbers
  - They look for outliers and “areas of concern”
  - Identify patterns in expenditures and lifecycle spending
Expenditures Auditors Consider to be High Risk for Error

- Standard F&A Categories
- Recharge Center Activities
- Travel: specifically foreign travel
- Cost Transfers
- Participant Support
Standard F&A Category Items

- Items that are typically considered F&A costs need additional documentation for purchase directly on a project, and possibly prior approval.
  - Office supplies & general purpose items
  - Clerical & administrative staff payroll
  - Computers and other technology items
- Costs must be allowable as direct costs and charged only to the level allocable to the project.
- Expenditures for these items need to be project specific, over and above typical supply provided for under F&A recovery.
- Lab supplies should be coded to the most descriptive account code, rather than the general 20103 (i.e., reagents, glassware)
- Avoid using account codes ending in ‘99’ when possible for costs (call your Post Award Team for specific questions)
Recharge Centers

- **Rates:**
  - Must be based on actual use and should not differ between a federal user and non-federal user.
  - Rates shall consist normally of both direct costs and its share of indirect cost.
  - Rates should be adjusted biennially and must take into consideration over/under applied costs of previous period.
  - Ensure unallowable costs are not figured into the rate calculation, i.e. bad debt.
- Note on program income: if federal government subsidizing the center it’s probably program income vs. university subsidizing the center.
Travel

- Travel is a high risk area because of the potential to violate the test for allocability and reasonableness.
  - Does travel benefit solely the grant paying for it? Is there a more reasonable means to achieve same purpose?
    - i.e. a training that can be done via internet.
- In particular, meals are highly scrutinized.
- Be sure to include a specific example(s) of the benefit to the grant from a programmatic perspective.
  - Don’t just write “it’s a direct benefit to the grant.”
  - Answer “who, what, when, why, and where”
Cost Transfers, Including Payroll Changes

- It is assumed that costs are charged appropriately at the time incurred and that significant adjustments should not be required if adequate financial management practices and policies exist.
- Cost should be allowable, reasonable, allocable, treated consistently, and supported with documentation.
- Transferring costs at the end of project should be scrutinized to ensure compliance with cost principles.
- In addition, University policy must be followed.
  - Universities must have adequate systems and monitoring procedures in place to be able to detect errors in a reasonable time (90 days).
  - Frequent errors may indicate need for accounting system improvements and/or enhanced internal controls.
Participant Support

• Charges to the participant support category must meet the definition of participant support, and be clearly identified in the accounting records.

• Audit findings:
  • Required documentation (signature sheets, etc.) not on file.
  • Spending participant support funds on other items without prior approval from the sponsor.
  • Employee-related costs charged to participant support codes.
  • Not ensuring subawardee compliance with these same rules.
  • Participant support charges not clearly identified in accounting records.
CLOSING

• Internal controls are crucial to ensuring appropriate spending/management of sponsored projects.
• Documentation and following procedure consistently is essential.
• Auditors look at overall compliance, this includes federal policy, UO policy and any other applicable state policy.
• Any questions, please contact your post-award SPA!

*Some content taken from 2014 NCURA FRA Conference Materials