Northwestern

ACCOUNTING SERVICES
FOR RESEARCH AND
SPONSORED PROGRAMS
(ASRSP)

2017 Audit Updates and Trends

Semi-annual Networking Event
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Types of Audits

Northwestern University routinely experiences sponsored research audits. Below are types of common audits and approaches.

Audit Types
- Internal Audits
- OIG Audits
    - Ex. NSF Data Analytics Audit
    - Ex. NIH Subaward Audit
- Agency Specific Audits
    - Foundation Audits
        - Ex. Gates Foundation

Audit Approaches
1. Desk Audit: Auditors send questions via email and NU responds online
2. Field Audit: Auditors come onsite to the Northwestern University Campus

What are the Hot Topics?

➢ Pay special attention to the hot audit topics

➢ Highlighted topics serve as a reminder and refresher course

➢ Opportunity to refresh ourselves on Northwestern policies and procedures / tools

Examples:

➢ Cost Allowability guide for sponsored charges
https://www.northwestern.edu/asrsp/docs/charging_sponsored_projects_allowability_guide_v2.xls

➢ Multiple project allocation form
http://www.northwestern.edu/asrsp/docs/Multiple_Project_Allocation_Form.doc

Hot Topics
Travel

Travel expenditure back-up was provided in the form of expense reports, itemized receipts, hotel folios, and other backup as requested for both audits. All travel submissions must follow the Northwestern Travel Policy and should include itemized receipts and purpose of travel.
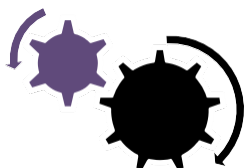
Examples

➢ Duplicate hotel nights
➢ Airfare Cancellation Fees
➢ Airfare Rebooking Fees
➢ No-Show hotel nights
➢ Personal Expenditures (Museum Tickets, Personal Flights, Alcohol, etc.)
➢ No itemized hotel folio

Q: What are the appropriate actions?

Hot Topics
Capital Equipment

Northwestern defines capital equipment as tangible property having an acquisition value of $5k or more and a useful life expectancy of greater than a year. It is critical that capital equipment purchases get coded correctly and go through the correct approval channels at Northwestern to ensure accurate accounting practices.

Examples

➢ Equipment purchases after award end date
➢ Equipment shipped after or near the end of the award end date
➢ Warranties and supplies under $5k coded as capital equipment
➢ Lack of prior approval and justification for capital equipment purchases on projects with no capital equipment budget

Q: What are the appropriate actions?

Hot Topics
Participant Support Costs

Participant support costs (PSC) are those direct costs paid to (or on behalf of) participants or trainees for participation in meetings, conferences and other training projects. PSC are typically for external trainees or participants and not for Northwestern PIs or employees. It is very important that Northwestern employees and PIs are not charged to these dedicated PSC projects.

Examples

➢ PI travel found on the PSC project
➢ Employee travel expenditures found on the PSC project

Q: What are the appropriate actions?

Hot Topics
Cost Transfers

Cost transfers are used for correcting errors and therefore should not be used as a means of managing available balances. All cost transfers should be completed within 90 days of their original transaction, and for those outside of 90 days, it is required that you provide justification and backup documentation supporting the transfer.

Examples

➢ Missing backup documentation or justification for transfers making it difficult to identify actual cost and purpose
➢ Cost transfers over 90 days
  ➢ Red flag! Proactive monitoring will reduce the amount of cost transfers
  ➢ Document clear corrective active plan (#4 on the over 90 day memo)
  ➢ Cost Transfers over one year are generally <u>not allowed</u> unless crediting sponsored funds
  ➢ Cost transfers and award closeout – timely submission is crucial to avoid losing the funding
➢ Bulk deficit removal transfers to another sponsored project
  ➢ Should be itemized by expenditure

Hot Topics
Pre-Award Spending

Pre-Award spending allows for the standard 90-day pre-award spending period. Any pre-spend greater than 90 days prior to the award start date requires prior approval by the sponsor.

Examples

➢ Expenditures posted prior to the 90-day pre-spend period with no sponsor approval

➢ Cost transfers within the 90-day pre-spend that include expenses incurred prior to the 90-day pre-spend period

➢ Even though the cost transfer was processed during the 90-day pre-spend period, it is not allowable to transfer expenditures that have been incurred prior to the 90-days without sponsor approval

Q: What are the appropriate actions?

Hot Topics
Tuition

Tuition is a common direct charge on sponsored research projects as a part of compensation to students performing necessary work. It is important that students' effort on the project proportionally reflects the amount of tuition charged. Additionally, tuition should always follow payroll on the same chart string.

Examples

➢ Tuition not following payroll

    ➢ Both Tuition and payroll must be on the same project

➢ Effort must be proportional to the percent of tuition covered by the sponsored project

Q: What are the appropriate actions?

Hot Topics
Budget vs. Expenditures

Regular project monitoring focused on budget vs. expenditures is important and affects the life of a project. It is especially important to monitor the yearly burn rate and to identify discrepancies in spending, if any. Any change or deviation to the proposed scope of the work always requires sponsor approval.

Examples

➢ Scope change
   ➢ Under expanded authorities, institutions have the ability to rebudget between categories as long as there is no change in project scope.
   ➢ Any single direct cost budget category deviation from the categorical commitment level established for the budget period by 25% or more should be reviewed. However, the majority of federal sponsors have waived the need for prior approval unless there is an actual change of scope.
➢ Burn Rate Monitoring

Q: Have you seen ASRSP expense review workbooks?

Hot Topics
F&A

Facilities & Administrative Costs (F&A) are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project or activity. Items normally treated as F&A Costs include: Facilities, space, maintenance, utilities, administrative/clerical salaries, office supplies, regular postage, telephone service, and other general supplies and related costs.

Examples

➢ On-campus vs Off-campus F&A rate
  ➢ F&A Rate = Facilities and Administrative Rate
  ➢ Use the correct On/Off-campus F&A rate based on the site/location of where the research is being performed.
  ➢ If NU owns or leases/rents the building, On-campus F&A rates can be charged. Any research performed at sites not owned or leased by Northwestern should use the Off-campus F&A rate.

Q: What's an example of where the off-campus F&A rate should be used?

Stewardship & Internal Controls

- Stewardship starts from the Proposal stage
- Internal Controls
  - Multi-level reviewers: each has an important role for Checks and Balances (We are in this together)
  - Uniform Guidance, § 200.61 and 200.303
- Know what you are submitting/approving/certifying
  - It can be charged there, but <u>should</u> it be?

Dept.
- Level 1
- Level 2
- PI

School
- Dean
- Level 3

Central
- ASRSP
- Accounting Services
- Payroll
- A/P